HEALTH & BEAUTY AIDS

Skin Care Movement Gains 5%

By CHARLES BOWLUS
vice president, merchandising
Boston Distributors

Sales are rising for skin care products like face creams, acne treatments and bar soaps according to a recent Product Movement Audit.

Movement for the overall category is up 5% for the seven months from Feb. 1-Aug. 22 compared to the 1981 figures.

The lotions, moisturizers and creams segment leads the volume growth with a figure 9% ahead of last year. Oil of Olay continues to lead the field with the top two slots on the chart. Another moisturizer, Noxzema skin cream, has three sku's among the top 15.

Vaseline Intensive Care Lotion, also holding three slots on the chart, promises to end the year with a wallop since strong promotional programs are planned.

A reintroduction of Wondra lotion and continued strength of Soft Sense lotion, both offering better trade allowances and beefed-up advertising programs, will challenge Vaseline Intensive Care's standing as the No. 1 lotion going into 1983.

MEDICATED SKIN CARE PRODUCTS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Stridex pads, 75's	15,030	2.55	27,397
2	Oxy 10 Medication, 1 oz	11,202	3.42	27,297
3	Buf-Puf	13,812	2.48	24,439
4	Sea-Breeze antiseptic, 10 oz	10,452	3.00	22,330
5	Clearasil ointment, 1 oz	7,440	3.18	16,893
6	Oxy Wash, 4 oz	6,798	[illegible]	16,411
7	Phisoderm, 16 oz	4,356	4.90	15,230
8	Clearasil ointment, 0.65 oz	8,910	2.25	14,336
9	Oxy 5 acne medication, 1 oz	6,918	2.62	12,938
10	Clearasil Vanishing Formula, 1 oz	5,742	3.18	12,888
11	Clearasil Vanishing Formula, 0.65 oz	7,926	2.25	12,742
12	Noxzema 12-hour acne medicine	6,972	2.47	12,319
13	Fostex soap	8,688	1.96	12,162
14	Clearasil medicated cleanser, 4 oz	8,778	1.78	11,189
15	Stridex pad, 42's	9,072	1.60	10,381

LOTIONS, CREAMS, MOISTURIZERS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Oil of Olay, 6 oz	20,328	4.86	76,017
2	Oil of Olay, 4 oz	19,494	4.33	64,944
3	Noxzema skin cream, 14 oz special	24,336	2.54	47,494
4	Noxzema cream jar, 10 oz	20,040	2.31	35,623
5	Night of Olay cream, 2 oz	9,180	4.88	34,475
6	Vaseline Intensive Care lotion, 15 oz	20,706	2.52	40,080
7	Vaseline Intensive Care lotion, 10 oz	37,152	1.75	49,996
8	Wet Ones disposable towels, 70's	23,784	1.56	28,475
9	Soft Sense X-tra moisturizer, 10 oz	19,494	1.88	28,177
10	Soft Sense X-tra protection, 10 oz	16,710	1.88	23,892
11	Noxzema cream jar, 6 oz	18,126	1.65	22,965
12	Keri lotion, 6.5 oz	8,976	3.25	22,465
13	Jergens lotion, 15 oz	10,080	2.89	22,417
14	Aapri apricot facial scrub, 2 oz	10,026	2.80	21,618
15	Vaseline Intensive Care lotion, 6 oz	16,836	1.45	18,724

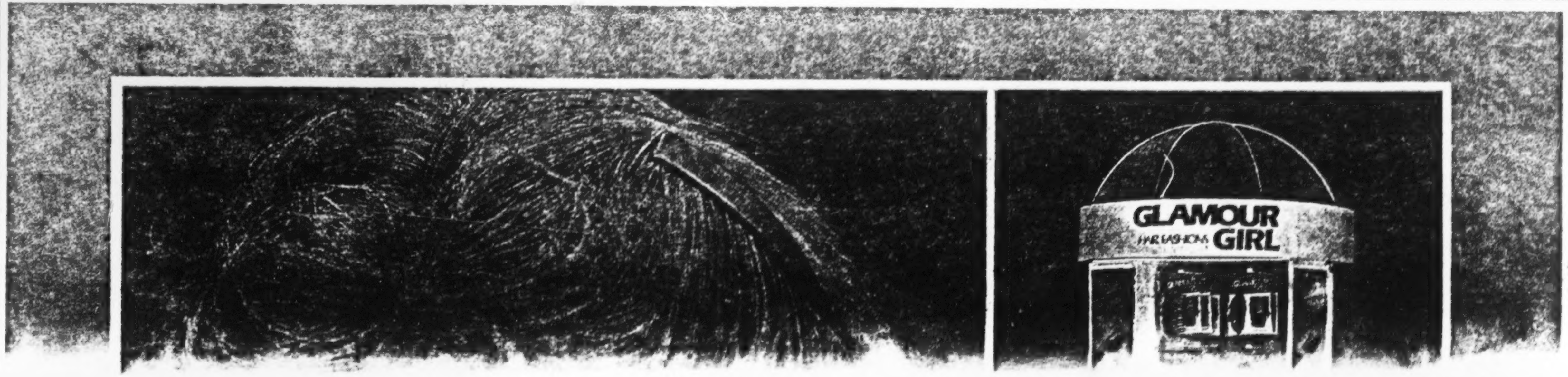
BAR and LIQUID SOAP

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Dial bath soap (1 free with 3), 5 oz	139,698	1.53	188,493
2	Ivory personal soap (9¢ off), 4 pck	67,176	0.90	48,210
3	Coast bath soap (15¢ off), 2 pck	57,600	1.01	46,436
4	Ivory bath 3-pack (10¢ off), 5 oz	49,896	0.85	33,911
5	Dial bath soap, 5 oz	81,360	0.51	32,884
6	Zest bath soap (50¢ off), 4 pck	22,590	1.63	29,338
7	Zest bath (1 free with 3), 4 pck	20,334	1.72	27,911
8	Jergens bath soap (prepriced 99¢), 4 pck	36,000	0.97	27,801
9	Shield deodorant soap, 5 oz	48,192	0.53	20,404
10	Safeguard bath (20¢ off), 2 pck	26,784	0.91	19,425
11	Dove bath soap, white (4¢ off), 4.75 oz	32,784	0.68	17,699
12	Jergens bath soap (prepriced 29¢), 4.75 oz	75,700	0.29	17,189
13	Zest bath soap	36,288	0.59	17,034
14	Showermate, brown, 12 oz	9,084	1.98	14,419
15	Showermate, gold, 12 oz	9,024	1.98	14,367

BLADES and RAZORS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Atra cartridges, 10's	50,328	4.11	159,051
2	Gillette Trac II cartridges, 9's	33,048	3.65	92,750
3	Good News razor, 6 pack	67,188	1.76	91,102
4	Atra cartridges, 5's	73,584	1.97	111,473
5	Good News disposable razor, 3 pack	96,552	0.90	66,900
6	Bic Shavers, 5 pack	115,884	0.92	82,412
7	Atra cartridges, 15's	21,948	4.16	70,200
8	Gillette Trac II cartridges, 14's	11,208	4.60	39,617
9	Gillette super stainless dble edge 10's	17,376	2.95	39,483
10	Schick Plus platinum injection 15's	10,368	4.05	32,254
11	Personal Touch refill cartridges, 4's	19,128	1.93	28,486
12	Schick II Ultrex cartridges, 5's	17,328	2.04	27,208
13	Gillette Trac II cartridges, 5's	31,332	1.81	43,603
14	Schick Plus platinum injection, 7's	14,904	2.31	26,444
15	Schick II twin cartridges, 9's	10,128	3.12	24,268

Source: Boston Distributors, Maple Heights, Ohio. Feb. 1-Aug. 22, 1982.



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20TH ANNIVERSAR

DSN Tracks Discounting: Pp. 17-86

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OCTOBER 18, 1982

Basic Format Returns In Jefferson/Ward's New Test Prototype

By ARTHUR MARKOWITZ

MIAMI—Jefferson/Ward has returned to the basic merchandising approach of the 1960's, but with a futuristic flavor.

The discounter has turned its 160,000-sq.-ft. North Miami Beach Boulevard store into a test prototype which was awaiting the judgment at presstime of executives from parent Montgomery Ward.

Sources indicate all Jefferson/Ward stores will be on a name-brand-mix program in hard and soft goods by the first quarter of 1983.

Three key elements in the thinking of Jefferson/Ward's executive team that were put into place during the last 18 months are evident in the store—along with the implications for their efforts to turn around the chain. These are:

- A very basic—but strikingly futuristic—approach to the store's merchandise presentation and ambience. It uses a race track format, rather than the wandering aisles and cul-de-sacs featured in previous refurbishings executed by the chain's former executive team.

The 16-ft.-wide race track forms an infield that is trisected by two 8-ft.-wide front-to-back aisles into three islands—ladies' and children's apparel on the right, men's and boys' wear in the center, and on the left, from front to back, stationery, housewares and electrics and sporting goods.

The other departments are along the store's perimeter and are coordinated with the infield: jewelry, accessories and shoes are on the right side facing ladies' apparel; domestics, home furnishings, major appliances and toys are along the back wall opposite the two apparel sections and sporting goods; lawn and garden, hardware, auto and records and tapes are on the left wall across from the hard goods portion of the infield.

Four-ft. square flats and tables for featured and promotional goods are spotted along the raceway.

Hard goods are shown on straight gondola runs that are perpendicular to the race track and interior infield aisles. Hard lines are highlighted only by endcaps, rather than through special displays.

(Continued on page 93)

Digest
Oct. 18, 1982

Discount Store News
ACTION SPEAKS PROUDER
Korvette Pushes
In Discounting
NEED WARDS,"
TOR TELLS WALL ST.
SANTA CLAUS SCORES AS DISCOUNTERS' BIG DADDY
The First 20 Years: A Special Report

To celebrate its 20th anniversary, *DSN* takes a look at the first two decades of discounting. Special section begins on page 17.

Index

Catalog Showroom News .. 11
Classified 89-91
Discounter Management Development Series 83
Editorial 6
Executive Changes 7
NMRI President's Corner .. 6
Washington Beat 6

Woolco

Discount Execs Line Up For Future Ex-Woolcos

NEW YORK—Discount chain executives are scrambling for the soon-to-be ex-Woolco sites.

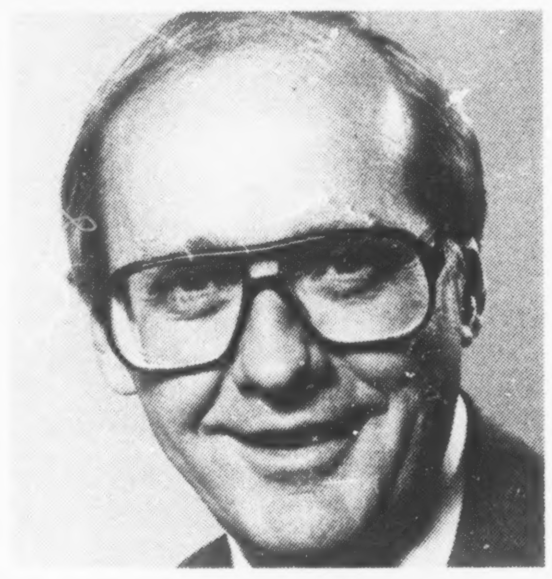
After the F. W. Woolworth Co. abruptly announced last month the planned closing of its 336 U.S. Woolco discount stores, Wal-Mart, Zayre, Target, Venture and Zodys, among others, began lining up for the sites.

Woolworth's decision to pull the plug on its struggling 20-year-old, $2 billion division took the industry by surprise. Until days before the announcement, corporate management was giving the go-ahead to Woolco's restructuring plans which called for a smaller, trading area (stores in more than a half dozen markets were closed), a new prototype store to be developed and a new top management brought in.

The closing of Woolco, scheduled to begin in January, is believed to be the biggest-ever unforced closure of a chain in retail history. Predecessors like W. T.

(Continued on page 94)

Edward Gibbons
Chairman, ceo, Woolworth


Bruce Allbright
Chairman, ceo, U.S. Woolworth/Woolco

Saving Woolco Seen Too Long, Too Costly

By BETTY J. TAYLOR

"After I was making a lot of money as a merchant I wanted to build something bigger than any other merchant. . . ."—Frank W. Woolworth.

DSN News Analysis

NEW YORK—Frank Winfield Woolworth, founder of the 103-year-old F. W. Woolworth Co., combined tradition with innovation and in 1912 constructed a cathedral skyscraper Woolworth Building.

His sentiments might well have been descriptive of his profitable variety store company's decision 50 years later to launch Woolco, a discount store division.

The Woolworth Co. wanted to cash in on the new, emerging, discount retail scene by taking its traditional variety store approach a step further, and spread it nationwide.

It never worked.

Last month Woolworth concluded that its sprawling 20-year-old offspring Woolco was creating such craters in the company's profit structure that it could collapse the tower.

Unlike its stodgy but profitable five-and-dime division, Woolco wasn't making a dime.

The most recent evidence was a $19 million loss the division reported for 1981, and a $21 million loss it racked up for the first half of 1982—although Woolworth officials had long admitted the discounter had never turned a profit. Without Woolco, Woolworth maintains it could be more profitable.

In the same statement announcing Woolco's demise, the company said it could have shown a net income of $147 million the last fiscal year, opposed to the $82 million it earned. Woolworth estimated its $25 million loss for the first six months of 1982 could have been trimmed to $5 million—minus Woolco.

With hindsight, it looks as if Woolworth began setting the stage for the closing of Woolco as early as a year ago.

"Woolco's performance has suffered from excesses—too many stores, many with too much selling space, scattered over too many market areas and, of major importance, too many high-gross-margin departments licensed to others,"

(Continued on page 94)

NMRI/AGMC to Merge? Talks Near Completion

NEW YORK—Merger talks between the National Mass Retailing Institute and the Association of General Merchandise Chains are nearing completion.

It is expected an interim report on whether to merge or not may come as early as Nov. 2, and the final decision will be made by year's end, according to sources from both trade associations.

The final vote on the merger is expected to come from an impartial third party, which at presstime was likely to consist of a major retail accounting firm familiar with the two groups.

The proposal to merge the two associations was put together over the last year by a committee consisting of three key officials from each association and the two association presidents, Richard I. Hersh of the NMRI and Edward Borda of the AGMC.

Although talk of merging the two associations has surfaced in past years, this is the first official proposal that has been prepared and a timetable set up for a final decision.

There have already been two rounds of talks completed on the matter and now the committee is pressing to make a final decision "one way or the other," by year's end.

The committee members on the NMRI side consist of: Irwin Chase, Ann & Hope; Marshall Hess, Fishers Big Wheel; Robert

(Continued on page 93)

Discount Store News

VOLUME 1, NUMBER 1 Published Mondays bi-weekly by Lebhar-Friedman Publications, Inc., publishers of CHAIN STORE AGE. JANUARY 1, 1962

The First 20 Years: A Special Report

ALFRED C. THOMPSON, executive Vice President, Miller & Rhoades, Richmond, Va., and President of NRMA took umbrage, counter - attacked, called discounters "illegitimate offspring" when. . . .

ACTION SPEAKS PROUDER

By JAMES J. CASSIDY

New Year's resolution for discounters: Leave fishwifing to fishwives.

The discounter seeking dignity for his cause need not lash out with verbal attacks on tradition.

The consumer is already casting four billion votes of approval for a way of doing business that is scarcely a generation old. Women don't buy forensics, they buy performance.

Vilification of competition brings not an inch of stature to the discounter, nor does it convert a single reluctant supplier, nor ring a dollar in a register. It does little more than feed an always famished press.

Nor does the publicity favor the fellow discounter who is about to face the conservatism of the analysts and the underwriters without whose approval an industry connot propagate itself.

Nor in thrashing back like an old one dying does the department store show much of the noblesse that braved the threat of chains, catalogues and shopping center

Recent offense at the words of Ster Masters by Alfred Thompson turne November discount seminar of NR a survival fight between the disc the department store.

The fight is rather the stro versus the weak one. Words fight and action always sp

EN MASTERS, Masters, Inc., department stores, their traditional ices "sneaky and undemocratic," at NRMA's Discount Seminar in November in New York.

SALON LOOK in shoe departments at new Tren ntington, N. Y., units typifies department store accent in Korve ade drive.

Korvette Pushes e Pace In Discounting's Year

TRENTON, N. J.—That was no specialty shoppe, m'am, that was a new Korvette.

And as the $180 million 15-store chain keeps opening units like the 190,000 sq. ft. twir here and in Huntington. N it becomes more and more ficult to recognize its 46th Street discour ancestry.

Korvette wants "discount stigm as a "promoti store chain," a huge segr industry

Upgr ens of ing

low e wept und hidden b ue-hard-

Spread te Upgrade

SEE PAGE 30

o days apart — with anksgiving Day deadlines— orvette opened here on Olden Avenue, three minutes off Route One, and on much trafficked Route 110 six miles south of Huntington, Long Island.

pen- rack,

The twins are almost identical with each other and a carbon—in their main store area—of the posh Audubon, N. J. unit opened last August just outside Philadelphia.

In all three, twin escalators lead to a second floor of hardgoods, toys, giftware, dinnerware, records, and a glassed-in hi-fi components room.

In all three, as in the New Brunswick, N. J., unit vestibule signing will warn the customer that grocery carts are not welcome in the main store.

On the main soft goods floors of the new Korvettes one finds shoe salons that rival I. Miller. Wall displays are glassed-in and brass canopied. Floors are carpeted. Walls are gold papered.

Sweaters go back to the hot lighted, glass cases of the ancient department store. Apparel departments are carpeted, mannequins abound, wearing up-to-

(Continued on page 8)

Di nters Top illion Sales ith 1500 Stores

NEW YORK—In 1961 the discount industry:

- **Did $4.25 billion—up more than 50 per cent over 1960's $2.75 billion**
- **Was operating 1500 stores —up 36 per cent over 1960's 1116 stores**
- **Spent $335 million for new store construction.**

These figures are among many brought to light by a just finished DSN survey.

DSN divided survey results into two primary categories:

1. *Chain* discount stores of more than 30,000 square feet.
   (a) a sub-category of chain discount stores of any size.
2. *Singly*-owned discount stores of any size.

Taken all together, there are, at year's end 1961, slightly less than 1500 discount stores—up some 36 per cent over 1960's 1116 stores.

The Big Boys

Of the 1500-store total, something approaching half are part of chain discount operations; the other 750 or so are the singly-owned units referred to in category 2 above.

In the "chain-owned, over 30,000 square feet" category, the average store reporting is approximately 85,000 square feet. Owners of these chains indicate that the average store they will build in 1962 will be 90,000 square feet — about eight per cent larger.

Total square footage for all 1500 stores is about 75 million square feet. Fully two-thirds of this belongs to the 750 (one-half the total) chain discount stores.

The remaining one-third—25 million square feet—is divided rather erratically among the 750 singly-owned stores. These stores range in size from 4,000 to 183,000 feet.

The chain discount stores averaged, with great variance, approximately $58 sales per square foot, giving these 750

(*Continued on page* 44)

The Wages Of Discounting

CHICAGO—The wages of Lawrence Goodman, president of Community Discount Department Stores, will hit $50,000 in 1965.

A package which merged Community with Mages Sporting Goods Co., here, makes Community the surviving corporation, makes Mr. Goodman chief executive, and delivers him a seven-year contract starting at $3 ,000 with three annual $5,000 raises.

NEED WARDS," OR TELLS WALL ST.

SEE PAGE 46

SANTA CLAUS SCORES AS DISCOUNTERS' BIG DADDY

SEE PAGE 3

1962: K mart, Target and Woolco Are Created

Larry Goodman, chairman (center), cut the ribbon on Community Discount Centers' 16th unit in Villa Park, Ill., a 100,000-sq.-ft. store. Its 4,000-sq.-ft. sporting goods department was the result of the chain's merger with Mages Sporting Goods.

1962 Highlights

Industry volume: $6 billion.

- Korvettes' sales of $235 million in its fiscal 1962 lead the industry.
- Diana Stores buys Great Eastern Mills and Tex-Mart Industries; plans major expansion of Great Eastern and Gulf-Mart chains.
- Discount Operators' National Show forecast for 1972: 500 stores averaging 200,000 sq. ft. will rule the industry, operating at 25% margin.
- Gemco moves into northern California with 100,000-sq.-ft. store in Cupertino.
- Two-unit Nichols plans to go public, open five to 10 more stores.
- Closed-door FedMart tests open-door policy in three stores.
- Meijer Super Markets launches three Meijer's Thrifty Acres discount stores.
- White Front beefs up soft goods.

Three industry giants—K mart, Target and Woolco—were born in 1962.

But, the discounters that were already in existence two decades ago already formed a strapping industry.

DSN's first issue noted that the industry had undergone phenomenal growth in 1961 and more than doubled sales to $4.25 billion while showing a 36% jump in the number of stores to just under 1,500.

The industry growth made the need for a trade association self-evident.

A fledging attempt was made in early 1962 to form such a group, called the Association of Discount Merchants, to present the industry's views on such problems as fair trade and Sunday Blue Laws and to rebut criticisms from the National Retail Merchants Association (NRMA), the conventional department store group.

The effort, however, floundered despite attempts to attract top executives from the leading chains. Organizational and reorganization meetings were called, with almost no one showing up, and the ADM quietly folded.

Problems Seen

The problems, however, didn't fade away.

Discounters battled manufacturers to discount name brands despite fair trade laws. A national fair trade measure the Madden Quality Stabilization Bill—was introduced in Congress—and discounters testified against the legislation.

State legislators adapted various versions of the bill.

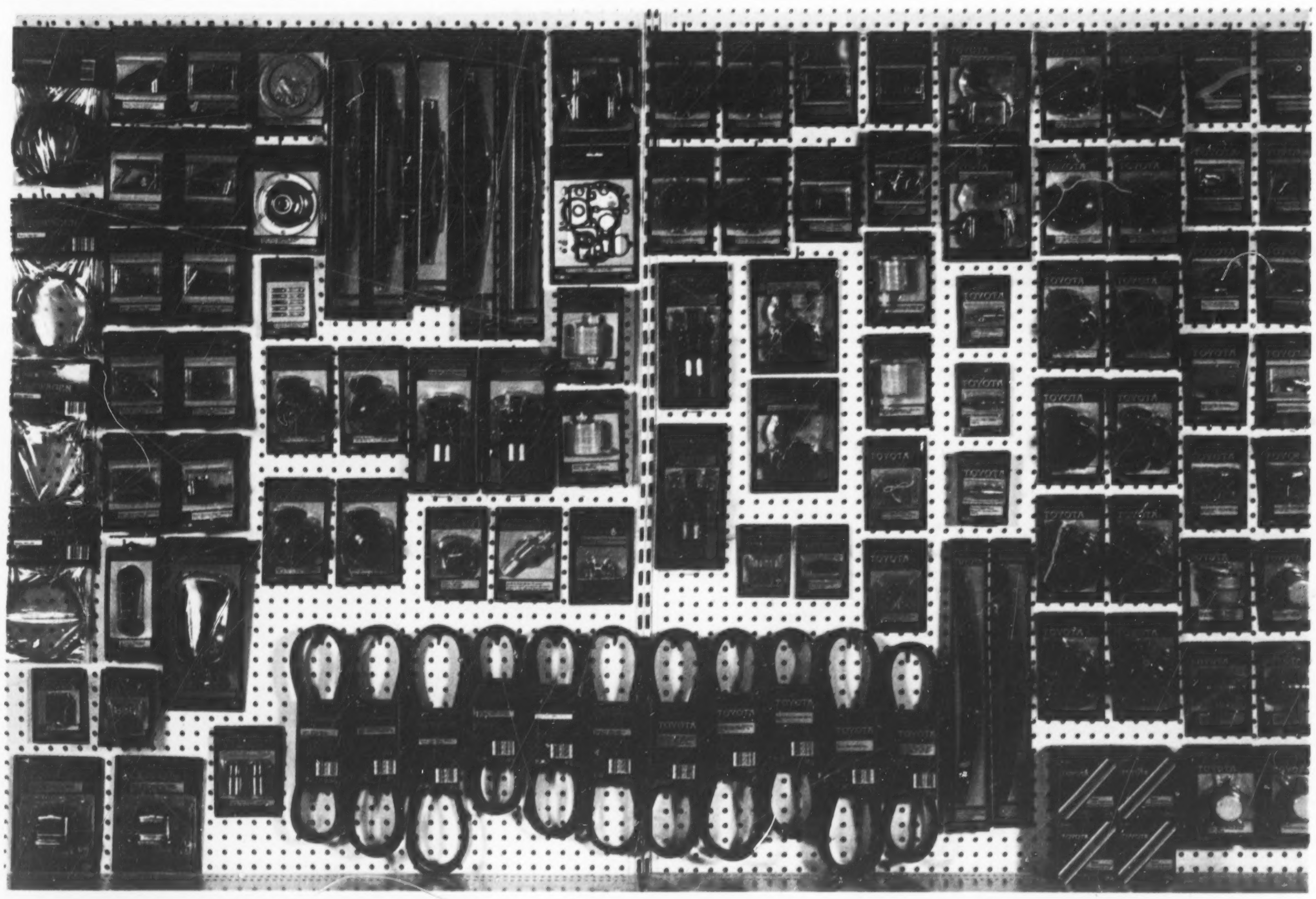
But, discounters' fight against fair trade received support from various sources. The Federal Trade Commission and National Better Business Bureau aided discounters by opposing the use of fictitious list prices and the use of unrealistic list prices in ads. A small but growing number of manufacturers stopped using suggested list prices and even began selling direct to discounters during the course of the year.

While the outlook for the eventual end of fair trade was promising, the Sunday Blue

(Continued on page 26)

Top Five: 1962

Chain Rank	$ Volume (millions)	Store Count
1. Korvettes	235.4	21
2. Interstate	220.8	44
3. GEM	164.3	30
4. Spartans	116.0	39
5. Two Guys	115.1	20



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Dorcy's size and reliability, enhanced by the backing of a billion-dollar conglomerate, stays with you over the long run, effectively maximizing turns and profits.

Send for our *free* catalog and discover how Dorcy can make import auto parts and motorcycle parts sales a rewarding experience for you! Write: Dorcy International Automotive Division, 3985 Groves Road, Columbus, Ohio 43227.

DORCY

1963: Blue Laws, Price Control in the Spotlight

STILL GROWING AT TWENTY 20 Discount Store News

1963 Highlights

Industry volume: $7.5 billion.

Stores: 2,169.

- Industry volume leader is Korvettes with $330.4 million (30 stores).
- Industry store leader is Zayre with 61 units ($48.3 million in sales).
- Gamble-Skogmo predicts it will have 100 discount stores by 1965.
- Plastic bonnet hair dryers and electric carving knives are the hot merchandise picks for Christmas.
- Discounters charm Wall Street for one whole week in August with the biggest gain of any industry group on the Big Board.
- Rajjee, a 3,000-lb. dancing elephant, waltzes through a Detroit Arlans destroying nearly $50,000 worth of goods and fixtures—and the plate glass window through which she entered the store. (She was a runaway from a nearby carnival.)

Movie star Jayne Mansfield and her husband Mickey Hargitay were spotted taking a closer look at the goods at a CMA unit in Miami. *(DSN photo)*

Sunday Blue Laws, fair trade legislation and the "Red Menace" were making headlines in 1963.

Discounters were a beleaguered group in the early 60's.

At home they were squaring off against church and religious leaders for the right to remain open for business on the day of rest.

In Washington they were doing battle with a Congress that thought prices should be set by the Federal Government and not by local market consumer acceptance. Congress was looking for price control under the ominous heading of "QSB"—the Quality Stabilization Bill.

There were smaller, local battles being won, however.

In midsummer, Gillette dropped an injunction against White Cross Discount Centers in Pittsburgh for fair trade violations. The manufacturer also announced its plan to give up its fair trade policy in Illinois, Wisconsin and California, as well as in Pennsylvania where its efforts were proving ineffective.

Further Developments

In Ohio, discounters and other retailers were being forced by various city councils to take out a license, tagged at $150, if they wanted to sell goods made in Communist-bloc nations. However, in Cleveland, the city fathers voted to accede to President Kennedy's request that local government not pass such legislation.

In Columbus, retailers not only had to put up the license money, they also had to post a sign advising customers: "We sell Communist-made goods."

In 1963, discounting was primarily an urban phenomenon.

Forty-eight per cent of the industry's 2,169 stores were clustered in the country's top 50 metro markets, with Chicago leading the pack with 132 units, and Los Angeles coming in second with 92.

There were no national chains, but behind the industry leaders—J. M. Fields, Zayre, Shopper's Fair and Spartans—were a tier of little giants that were having a strong year and expanding accordingly:

(Continued on page 85)

Top Five: 1963

Chain Rank	$ Volume (millions)	Store Count
1. Korvettes	330.4	30
2. Interstate	204.2	51
3. Gamble-Skogmo	163.2	32
4. GEM	144.0	34
5. S. Klein	140.3	8

How Coleman® can help you pump up profits with the new Inflate-All® 3.

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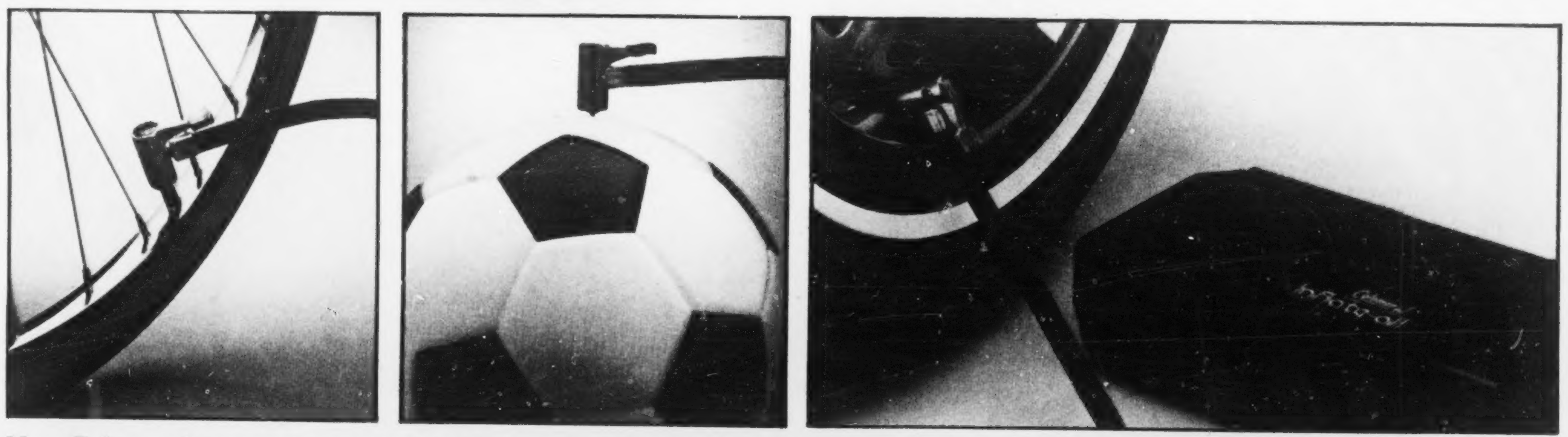

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Give 'em what they want.

You know how fast the do-it-yourself market is growing, especially in automotive upkeep. And you're more than familiar with the trend toward economy in size and price.

Now get to know the Inflate-All 3. Built with the same Coleman quality as the Inflate-All 150 and 175 Deluxe, the new Inflate-All 3 gives your customers the convenience they want. It's streamlined in design and cost, to fit the active lifestyles of today's smarter buyers.

Inflate-All 175 Deluxe
Inflate-All 150
Inflate-All 3

Tell 'em where to get it.

A strong consumer advertising program running in publications tightly targeted to the Inflate-All prospect will generate traffic in your Automotive Department.

So when they ask about Inflate-All, be prepared to profit from it. Get details from your Coleman rep on the advantageous buying programs available for the new Inflate-All 3 and the complete family of Inflate-All portable air compressors.

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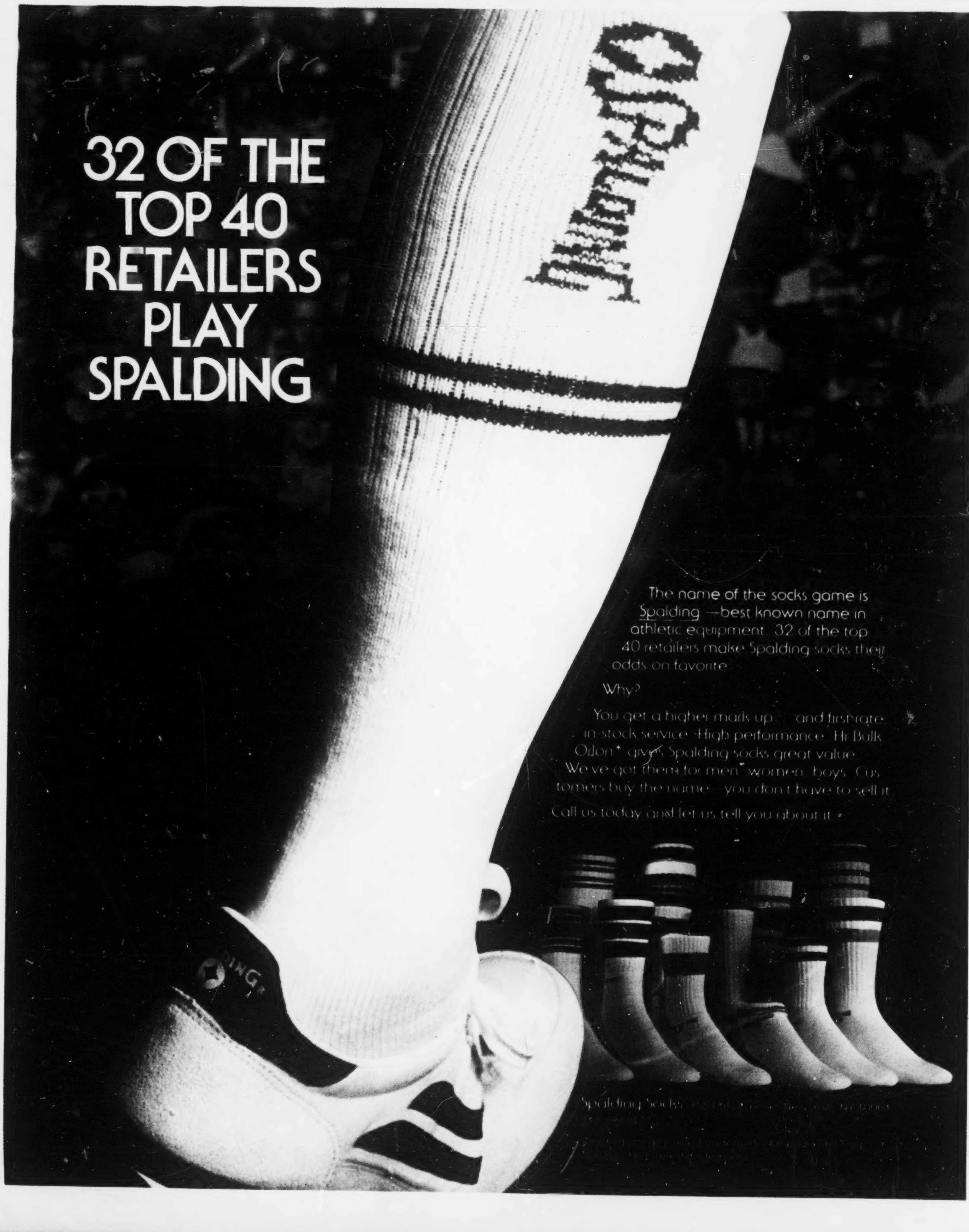
Discounters' Stock Issues Offered in 1962

Discounter	Date	Offering No. Shares (thousands)	Price	Recent Price Bid	Latest Capitalization (thousands)		Fiscal Year Ended	Earnings Latest Year	Per Share Preceding Year	Price-Earnings Ratio Based on:	
					Debt	Com. Stock				Offering Price	Latest Price
Amer. Auto Stores	11/29/61	60	5	8		460	June	$0.23	$0.04	22	35
Amer. Variety Stores	11/24/61	100	4½	2⅞	$ 74	240	June	0.13	0.11	35	22
Arlans Dept. Stores	9/26/61 5/10/62	300 250	18 30	27	3,634	1,000	Jan.	1.65	0.99	11 18	16
Bargain Town USA	10/4/61	300	6	9	972	1,233	Jan.	0.70	0.64	9	13
Berkshire Distributors	1/9/62	100	5½	6½		180	June	0.38	0.27	14	17
Besco Enterprises	4/5/62	185	6	3¾	1,553	395	July	0.15	0.25	40	25
Caldor	10/12/61	120	5	10	520	520	Jan.	0.40	0.38	13	25
District Photo	3/27/62	100	5	3½	67	260	June	1.60	1.20	28	19
Family Circle Associates	1/16/62	50	8	8½		200	Sept.	0.11	0.07	72	77
Floyd Bennett	1/11/62	100	6¾	11¾	2,424	550	Dec.	0.28	0.03	24	42
Giant Tiger Stores	5/17/62	150	10	8¼	809	825	Dec.	0.64	0.47	16	13
Honig's-Parkway	4/4/62	100	3	2¼		305	Sept.	0.18	0.08	17	13
John's Bargain Stores	4/25/62	160	8	10⅝	210	1,375	Dec.	0.40	0.22	20	27
King's Dept. Stores	8/30/62	500	13	20	70	1,011	Jan.	1.25	0.63	10	16
Linco International	12/27/62	75	4	5⅝		250	Jan.	0.10#	0.01d	40	56
Malone & Hyde	11/30/62	275	15	17¾	880	709	June	0.99	0.89	15	17
Marrud	6/2/62	@390	@10¼	13½		1,002	July	@ 0.42	@ 0.35	24	32
Maxam	3/1/62	200	20½	13½		500	Jan.	0.87	0.68	24	16
Medco	10/12/61	139	9	10		769	Dec.	0.40	0.18	22	25
Recco	3/28/62	74	13½	7½	92	228	July	0.31	N.A.	44	24
Regal-Meadows	6/17/62	150	8	5¾		651	Dec.	0.54	0.25	15	11
Rockower	6/29/61 3/14/62	@280 150	@ 8 16¾	13	157	730	Dec.	@ 0.60	@ 0.35	13 27	22
Silo Discount Stores	2/1/62	165	7	4¾		559	Oct.	0.39	0.15	18	12
Unishops	4/18/62	275	14	12⅞		1,050	Dec.	0.67	0.42	21	19
Virginia Dare	1/31/62	154	22	13⅝	30	1,481	July	0.99	0.84	22	14
Volume Distributors	3/15/62	90	11	7½	56	391	July	0.54	0.39	20	14

Earnings adjusted, where data available, to amount of stock presently outstanding. "Latest year" earnings cover fiscal years ended during 1961 or January 1962. All price-earnings ratios computed from latest year's earnings. @—Adjusted for stock splits. #—For 8 months ended September 1961. &—For 10 months ended Dec. (fiscal year changed). N.A.—Not available. d—Deficit. Source: DSN research.



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You get a higher mark-up… and first-rate in-stock service. High performance. Hi Bulk Orlon* gives Spalding socks great value. We've got them for men, women, boys. Customers buy the name—you don't have to sell it.

Call us today and let us tell you about it.

Spalding Socks [illegible]

1962

(Continued from page 19)

Law situation was different.

Local police swooped down on discounters open on Sunday in different states throughout the year, with their efforts particularly heavy during holiday periods such as Christmas. Discounters paid the fines and vowed to fight to change the law.

The NRMA started out the year with its president calling discounters "sinners" and pledging that he "would never again mention the words discount and discounters in public."

The industry's impact on retailing, however, resulted in the NRMA quickly changing its attitude. The association began sponsoring a series of seminars on discounting to enable department stores to launch their own discount store and to better compete with discounters.

By the middle of the year, the confrontation between discounters and conventional department stores had almost turned into a love fete as the similarities, differences and problems common to both types of retailing were realistically examined.

First Opening

As for the three discount giants that debuted in 1962, K mart was the first out of the gate. The discounter opened a 60,500-sq.-ft. store in the Garden City suburb of Detroit in March. At the opening, executives noted that K mart had made commitments to open 37 stores in 1962 and 1963.

The fast-track growth that had been K mart's hallmark during the 1960's and 1970's was evident right at the start. At the company's annual meeting two months later in May, president Harry B. Cunningham said the number of K marts to be opened in 1962 "cannot be exactly determined, but there are 18 more openings presently scheduled for 1962, and 29 are on the 1963 program."

Target was next out of the gate with an opening in May of an 82,500-sq.-ft. store in the Roseville suburb of St. Paul, Minn.

Woolco was the last out of the gate, unveiling a 100,000-sq.-ft. unit in June in Columbus.

1964: 60,000-100,000-Sq.-Ft. Stores Sprout

1964 Highlights

- Arlans, Interstate, Korvettes and Zayre are all running at a record pace as the top 20 chains open 116 new stores.
- The 160,000-180,000-sq.-ft. Korvette is a typical prototype of the day.
- Frederick Zissu takes the chairmanship at Two Guys after co-founder Herbert Hubschman dies.
- K mart sees 35 new stores per year and a total of 250 by 1969.

Arlans moved into the small-town market by opening in Lancaster, Pa., Charleston, W. Va., and Freeport, Ill. Vice president Warren Eisenberg (c.) was at bow of latter, at 58,400 sq. ft. the smallest of the trio. *(DSN photo)*

It was a year at the dawn of a retail explosion.

In 1964, discounters started building the big stores (60,000 sq. ft. to 120,000 sq. ft.) which accounted for some 45% of the industry's total selling space, up from 39.8% in the prior year.

Figures on total volume for the industry were just beginning to be compiled, but the burgeoning big boys were racking up sales of $50 a square foot in 100,000-sq.-ft. stores.

Young K mart headed the list of discounters, with some 87 stores by year's end and sales projected at close to $340 million, just nosing out second-place Korvette with 51 stores and $330 million.

K mart's chief Harry Cunningham told reporters that year that an expansion plan of 35 stores a year was in the works, and predicted some 250 K marts would hit the country by 1969.

Upscaling was the topic of conversation during the year, but then it was called upgrading. The fear among the top 10 chains about this was that the more elaborate displays would rob stores of their traditional "open" look and contribute to increased shoplifting.

New Approach

Along with fixture upgrading, merchandise was also being improved and chains like Caldor were at the forefront of early upscaling.

Caldor opened two stores during the year, with president Carl Bennett proclaiming that discounters indeed can trade up in price, appearance and service.

It was also a year that found discounters asking the question: "Can you put a nice suit in the same shopping cart with a head of lettuce?"

This was the question to be answered by Giant Food in April of the year when it opened a remodeled 240,000-sq.-ft. unit in Rockville, Md., that carried a full-line supermarket and discount store. The food chain dubbed the unit Super Giant.

Other industry leaders were wondering about food and nonfood departments. The president of Zayre, Stanley Feldberg, said that "food is extremely important to the shopping complex, but I don't know if it should be under the same roof or in a separate store as an anchor at one end of a strip center. Food under the same roof hasn't proved out as expected for us."

In 1964, Dun & Bradstreet assistant vice president William Duvel proclaimed: "The worst is over for discount failures."

Of course his crystal ball didn't see into the late 1970's and early 1980's, but Duvel was smart enough to say simply that "discounting is still the most retail line." During the year Dun & Bradstreet recorded 34 discount operation failures.

The definition of a discounter was still very much on the minds of industry leaders. At an ICSC convention in Chicago, Andrew Murphy of Allied

(Continued on page 30)

Top Five: 1964

Chain Rank	$ Volume (millions)	Store Count
1. K mart	340	87
2. Korvettes	330	61
3. Interstate	311	51
4. Vornado	154	21
5. Zayre	122	61

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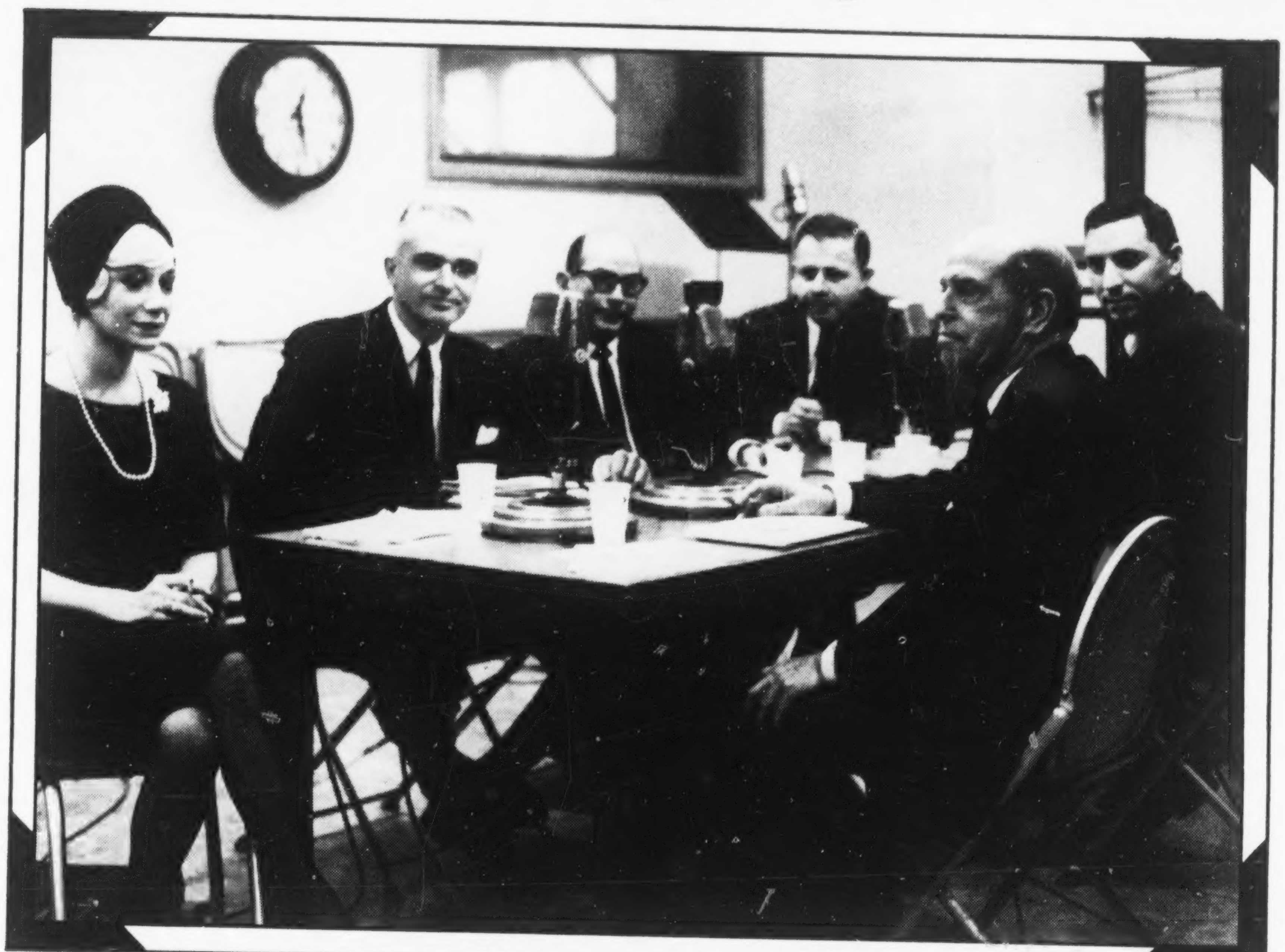
1965: More Shopping Center Developers Soften



A 1965 WNYC radio panel on discounting included (l. to r.) moderator Lee Graham; *DSN* editor Richard D. Groberg; S. Klein's Phillip Harris; WWD's Samuel Gottesfeld; consultant Dr. William Reilly and Korvettes' Jack Schwadron.

(DSN photo)

1965 Highlights

- Woolworth plans 29 Worth Marts as the company converts small Woolworth variety stores into discount stores.
- Borman Foods buys the Yankee chain in Michigan.
- Gibson opens 17 stores, eyes 41 more for year; plans blitz in Dallas in 1966.
- Korvettes to take over ex-Sachs store in Herald Square, across from Macy's and Gimbels.
- K mart opens 100th store, ends year with 122.
- Lester Burcham, new Woolworth president, expects to open Woolcos larger than 180,000 sq. ft. in size, along with scaled-down units.
- Lessee Unishops buys Clarkins.
- Spartans plans to buy Atlantic.
- Closed-door operators GEM and Parkview combine.
- Dallas market subject to major discounter invasion; six stores open to raise count to 15, with as many as 15 more projected for area in 1966.

The discount industry's growth during the past few years resulted in developers during 1965 trotting out the welcome mat for chains in their shopping centers.

Discounters, in turn, were stepping up their efforts to get into shopping centers to benefit from the greater traffic draw of such locations.

Department stores, which have opposed discounters as cotenants, have been changing their attitude, developers reported, because of the upgraded image of such chains as Korvettes and Two Guys.

Going into shopping centers wasn't the only expansion route favored by discounters.

Chain executives tended to build stores on their own as opposed to acquiring units, but this didn't eliminate a takeover "if the location was right," they noted.

The reason for building was summed up by one executive: "A good store that's offered for sale is very expensive. A bad store presents you with the problem of whether you are that much better than the seller and can make it successful."

Discounters' real estate acceptance hasn't rubbed off in the merchandising area.

Efforts to firm up fair trade continued to grow during the year. A number of retail trade associations were pushing efforts at the state level to pass fair trade measures, using a bill adapted in Ohio as the model law.

The Ohio law itself ran into some problems, with a local court in Cleveland declaring the measure constitutional, while a court in Columbus declaring it unconstitutional. Trials in Cleveland under the "constitutional" law, however, didn't please fair trade supporters as drug manufacturers weren't able to stop discounting of their lines.

Attempts to get Congress to adapt a national fair trade bill were made early in the year by 16 Senators, only to die in the summer. Supporters of such a measure vowed to try again in 1966.

The year, as a whole, turned out to be a strong one for discounters, with most chains

(Continued on page 30)

Top Five: 1965

Chain Rank	$ Volume (millions)	Store Count
1. K mart	683	122
2. Gamble-Skogmo	501	74
3. Korvettes	485	39
4. Interstate	331	58
5. Gibson	300 ·	209

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STILL GROWING AT TWENTY 20 Discount Store News

Automotive Trends

	1965*	1970	1975	1976	1977	1978	1979	1980	1981	1982	5-year % Change '82 vs. '78	% Change '82 vs. '81
Dept. Size (sq. ft.)	2,000	1,600	2,445	2,225	2,225	2,300	2,280	2,280	2,280	2,280	− 0.9	N.C.
Annual Turns	4.6	3.7	4.4	4.6	4.5	4.6	4.7	4.5	4.2	3.5	−23.9	−16.7
$ Volume per sq. ft.	83.00	N.A.	110.00	166.73	186.69	195.34	211.27	215.00	225.00	238.00	+21.8	+ 5.8
Initial Markup (%)	N.A.	35	36	37	35	34	33	33	32	34	N.C.	+ 6.3
Gross Margin (%)	29	32	29	30	30	29	28	27	27	27	− 6.8	N.C.
Discount $ Volume (billions)	N.A.	N.A.	N.A.	N.A.	N.A.	3.1	3.5	3.7	4.2	4.5	+45.2	+ 7.1
$ Sales per Store (thousands)	N.A.	N.A.	N.A.	N.A.	N.A.	449.0	481.6	491.00	514.00	543.00	+20.9	+ 5.6

*N.A.—Not available. N.C.—No change. *—Earliest year for which figures were available. Source: DSN research.*

1965

(Continued from page 29)

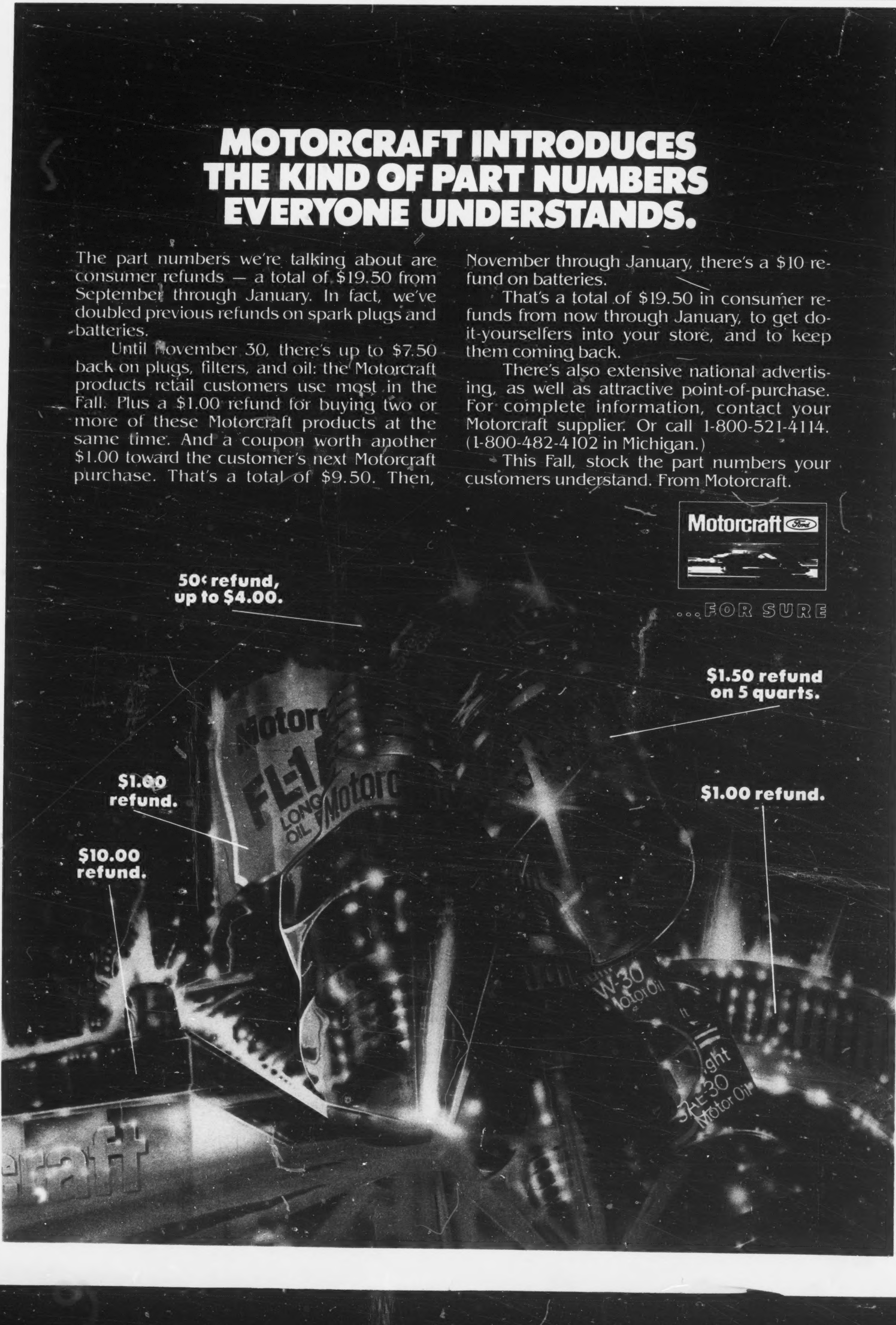
adding more stores as their sales and earnings grew—and their stock prices went up. A *DSN* survey found that the 16 leading chains opened 186 stores during the year, compared to the previous year when 18 top discounters added only 116 units.

Discounters' importance in housewares and toys was evident from surveys.

A National Housewares Manufacturers Association survey reported that manufacturers ranked discounters as the second-largest retailer of housewares, trailing department stores. Discounters, however, have increased their market share, while department stores haven't.

A toy survey showed that discounters were almost tied with department stores as the major retailer of toys.

Carl Bennett (center), founder of Caldor, kept close watch on his young company, as he did here from the front of his Wappingers Falls, N.Y., store. *(DSN photo)*



MOTORCRAFT INTRODUCES THE KIND OF PART NUMBERS EVERYONE UNDERSTANDS.

The part numbers we're talking about are consumer refunds — a total of $19.50 from September through January. In fact, we've doubled previous refunds on spark plugs and batteries.

Until November 30, there's up to $7.50 back on plugs, filters, and oil: the Motorcraft products retail customers use most in the Fall. Plus a $1.00 refund for buying two or more of these Motorcraft products at the same time. And a coupon worth another $1.00 toward the customer's next Motorcraft purchase. That's a total of $9.50. Then, November through January, there's a $10 refund on batteries.

That's a total of $19.50 in consumer refunds from now through January, to get do-it-yourselfers into your store, and to keep them coming back.

There's also extensive national advertising, as well as attractive point-of-purchase. For complete information, contact your Motorcraft supplier. Or call 1-800-521-4114. (1-800-482-4102 in Michigan.)

This Fall, stock the part numbers your customers understand. From Motorcraft.

Motorcraft
...FOR SURE

1964

(Continued from page 28)

Stores asked conventioneers to "define a discounter."

One stock analyst said the country's biggest discounters were Sears, Ward & Penney. Andres J. Weiss of A.S. Beck Shoe Corp. said: "Don't call them discounters, call them promotional department stores."

The Fab Four, i.e., The Beatles, were the hot group of the times and Capitol Records made it easier to buy with the move to a same-price-to-all policy, a major industry shift. The switch brought a $2.47 wholesale price down to $2.02 for a $3.98 list price record. The record industry boom was under way.

Caught in a Squeeze

But the squeeze was on coins during the year. The U.S. Mint was pressed to come up with extra coins to help in the shortage of changemaking. Some operators were handing out scrip in lieu of change.

Comparative price advertising was a hot issue. Topps in the Detroit area tried running comparative ads, but found the local paper wouldn't accept them. The overuse of this kind of advertising even led many to believe that it had become ineffective.

Other events during the year:

- K mart opened its first auto center with the debut of its second unit in Charlotte, N.C.
- Robert Hall announced plans to step into discounting with a "semidepartment store."
- Gibson franchised units hoped to reach $150 million.
- Frederick Zissu took over the chairmanship of Vornado after Herbert Hubschman's death.

Great Eastern Mills was thriving in the Greater New York marketplace and Arnold Siegal was president. *(DSN photo)*

1966: Korvettes and Spartans Tie the Knot

1966 Highlights

Industry volume: $11.5 billion.
Stores: 2,684.

- Housewares continues to lead the index of departmental incidence with 95.7%.
- Spartans merges with Korvettes, producing $1.3 billion complex.
- Batman merchandise flies high.
- Chains up takeover of leased H&BA departments.
- Rumor mill activity features Arlans and King's . . . and Vornado.

Korvettes and Spartans Industries. It was the wedding of the year in discountland in 1966.

The paring of Korvettes' $800 million volume with Spartans' $320 million had created a $1 billion-plus force and the sixth largest general merchandise group in the retail industry.

It was hoped that the marriage would lead to a more solvent Korvettes. The second largest discounter's profit ratio had been slipping for two years. Spartans' management was viewed as a savior to implement needed control systems at Korvettes, which had lagged under various new management teams tried by founder Eugene Ferkauf.

It wasn't, however, a marriage made in heaven.

To the ire of Korvettes stockholders, the small Spartans became the parent company. (But, under the binding agreement, Korvettes stores retained their name.)

The Federal Trade Commission didn't let the alliance pass unnoticed. The FTC required that Spartans divest, within five years, the 97-store Spartan-Atlantic chain, as well as 38% of its financial interest in Alexander's. This would diminish $200 million of Spartans' volume.

Optimistic Feeling

With high hopes, Charles Bassine, chairman of the newly merged companies, announced the firm had a favorable reaction from Wall Street and the banks. A group of banks agreed to loan the new company $80 million, which would be earmarked for new Korvettes expansion.

Other weddings were the talk of the industry during the year, but turned out to be little more than idle conversation in the rumor mill: Arlans, the No. 10 ranked discounter, was paired in merger talks with both Vornado (parent of Two Guys, the fifth-ranked discounter) and King's (the 19th largest chain with $125 million volume from 42 stores).

Meanwhile, Kresge with its growing K mart division's dominance, stayed at the top of the discount heap.

Kresge, opening 38 new K mart units during 1966, looked to surpass the $1 billion mark. By 1967, K marts were to be located in every state in the union with the exception of Oregon, Hawaii and Alaska.

Kresge stock was trading at 18-20 times the chain's earnings of $4 to $4.25 per share during the year, while the majority of discounter stocks could be bought for $12 per $1 of latest earnings.

The fanciest price-earnings ratio was sported by No. 29-ranked Caldor, whose stock was selling for 21-25 times its earnings.

With projected sales of $70 million from 13 units in 1966, Caldor was also leading the pack in image upgrading.

Caldor in its new stores was

(Continued on page 86)

Top Five: 1966

Chain Rank	$ Volume (millions)	Store Count
1. K mart	926	160
2. Korvettes	800	43
3. Gibson	475	275/300
4. Interstate (Topps, White Front)	430	69
5. Two Guys	325	33

DALLAS COUNTY
The Dallas Morning News

Gibson stores put a ring around Dallas. From left to right, chairman H. R. Gibson Sr., sons Herb (president), Gerald and Richard, and Mrs. Gibson showed the No. 3-ranked chain's mark.

Did you know Quaker State ways to help you

One of the most common jobs your DIY automotive customers perform is an oil change. And they're getting into tougher jobs, too. So they need a great motor oil plus greases, lubricants and chemicals. And who gives them better quality in automotive car care products than Quaker State? Old dependable is right in step. Your pipeline to profit. And we've got a lot more than a whole gondola of quality products for you. Read on:

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DOT 3 MOTOR VEHICLE BRAKE FLUID
MAINTENANCE FREE
DELUXE 60 QUAKER STATE
HIGH PERFORMANCE GEAR LUBRICANT
ALL SEASON
2-CYCLE OUTBOARD LUBRICANT
HD 2-CYCLE MOTOR OIL
QS-14
GAS LINE ANTIFREEZE AND DRYER
GAS TREATMENT
QSA189 AIR FILTER
AUTOMATIC TRANSMISSION FLUID
F-L-M A-T FLUID
SUPER BLEND MOTOR OIL
SAE 10W-30 HD
MOTOR OIL
Sterling MOTOR OIL

1967: Acquisition/Merger Fever Gets Hotter

GOLD CIRCLE
GOLD CIRCLE
GOLD CIRCLE

Federated Department Stores followed other traditional department store chains into the discount field in 1967, forming its Gold Circle division. Hal Field was named president. *(DSN photo)*

1967 Highlights

Industry volume: $13.6 billion.
Stores: 3,005.

- Federated Department Stores tosses its hat into discount ring.
- Fire levels McCormick Place during NHMA show.
- Dayton's announces it will go public and bolster Target.
- Chains fight Sunday Blue Laws.

If psychedelia, Bonnie (as in and Clyde) wigs and social unrest were signs of the times in 1967, so too were expansion and acquisitions in the discount industry.

The acquisition/merger fever was evident in the top 100 listing. A smattering: Gamble-Skogmo acquired Buckeye Marts; Zayre took Shopper's City; Gray Drug bought Washington Distributors/Bargain City; Parkview-GEM added Shelby Retail Dixiemart and Corondolet Stores; Bell & Scot acquired E. & Y. Corp.; Community Discount Stores absorbed Terry's and Vornado was tying up a deal to obtain Food Giant and its Unimart division. The rumor factory had King's looking to acquire Miracle Mart.

The industry grew to $13.6 billion volume, up a smart 18% from the previous year's total. Sales per square foot moved ahead to $68.30 from $67 as square footage grew 16% to 27,384,000.

Although some like No. 2-ranked Gibson's (expecting to end the year with 370 units and $700 million sales) complained tight money impeded expansion plans, others like aggressively expanding K mart seemed unaffected.

Topping the 200-unit mark, Kresge obtained $41 million in cash from debenture offerings to finance 50 new stores per year, looking to have 500 K marts in the market in five years.

The same year, K mart launched its first drive-thru fast-food venture with a K mart Chef in Pontiac, Mich. Born during 1967 was the chain's 10-minute flashing red-light special.

Like Korvettes, Kresge was looking to bolster its business, *Discount Store News* reported, with the use of a new business practice: sending out unsolicited credit cards. K mart ads enticed: "You can charge it too."

New Moves

Korvettes, having fallen a notch on the top 100 list, in the domain of Spartans was realigning its middle-management merchandise team.

The 45th Korvettes store opened during the year at Herald Square in New York, sandwiched between Macy's and Gimbels.

Target was pacing its expansion with its first two units for St. Louis. Dayton's, parent company of the nine-unit chain, announced it would go public to give its discount arm an extra financial boost for the future.

Federated Department Stores, observing the activity and success of its predecessors in the discount field, decided it would join the crowd. Thus, Gold Circle was conceived, with the first unit planned to debut in Columbus, Ohio, the following year.

Federated named Hal W. Field president of the new division. Said to be modeled after Target, Gold Circle's game plan included 50% soft goods and no majors.

At Penney, the decision was made to move its discount divi-

(Continued on page 85)

Top Five: 1967

Chain Rank	$ Volume (millions)	Store Count
1. K mart	1,340	215
2. Gibson	700	370
3. Korvettes	600	45
4. Interstate (Topps, White Front)	565	185
5. Zayre	400	112

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QUAKER STATE AUTOMATIC TRANSMISSION FLUID
QUAKER STATE DeLuxe MOTOR OIL
QUAKER STATE 2-CYCLE OUTBOARD LUBRICANT
QUAKER STATE OIL FILTER
QUAKER STATE QS43 OIL FILTER
QUAKER STATE 2-CYCLE MOTOR OIL SAE 30
QUAKER STATE RACING MOTOR OIL
QUAKER STATE MOTOR OIL

1968: Chains Pare Bows, Surge to Merge

1968 Highlights

Industry volume: $16.35 billion.
Stores: 3,307.
- Ohio grabs lead in discount footage from Texas.
- Eugene Ferkauf leaves Korvettes.
- C. L. Yoke retires as vice chairman, gmm, at K mart.
- Alexander's to go public; George Farkas retires as chairman.
- William A. Hodder is promoted to president of Target.
- May Co. announces it will debut a discount division.

The industry expansion boom collided head-on with runaway real estate costs, which spurred the surge to merge in 1968.

New-store count fell off to 302 for the year, compared to 321 opened a year earlier. (The new units brought the total number of discount stores in operation to 3,307.)

Square footage, as a result of the curbed openings, racked up an 11.4% gain compared to 1967 when it had increased 16%.

Sales were healthy, up 20% to $16.3 billion from $13.6 billion.

Contributing to the volume gain were the fastest growing chains: K mart, up from $900 billion to $1.17 billion; Gibson, $761 million to $891 million; Interstate, $448 million to $507 million, and Zayre, $436 million to $504 million.

Woolco was pushing ahead, too, making its way into the top five ranking for the first time. With 94 units, the chain was to produce $553 million for the year.

Through merger, more names disappeared: Unimart was absorbed by Vornado; Daylin took over Wonder World; King's added Miracle Mart; Gaylords grabbed 82% of Giant Tiger.

Definite Possibility

Talks of more acquisitions again filtered through the industry. Among those mentioned was Cook Coffee—which announced all of its new units would bear the Cook name only—looking to acquire M. N. Landau (parent of Clark's).

During the year that began with the Beatles' "Magical Mystery Tour" as No. 1 on the record charts (as reported in *DSN*), chains further explored and stretched their territorial limits.

Target, planning to take on a new market a year, opened its first stores in St. Louis and an invasion of Houston was in the works for '69; Woolco, opening 27 new stores, was taking on northeastern markets and Texas, and Zayre made ready to invade New York State and North Carolina.

One hundred chains, representing 1,400 stores, joined the new Mass Merchandising Research Foundation (MMRF) at the year's beginning. Among those joining the fold was Federated Department Stores, whose first discount division, Gold Circle, debuted in Columbus, Ohio. (Ohio had become the leading state in discount square footage, grabbing the lead from Texas, which still had the most units.)

Federated also announced it would unwrap another discount chain after whetting its taste in the new industry. The chain, concentrating on hard lines, would be named Gold Triangle.

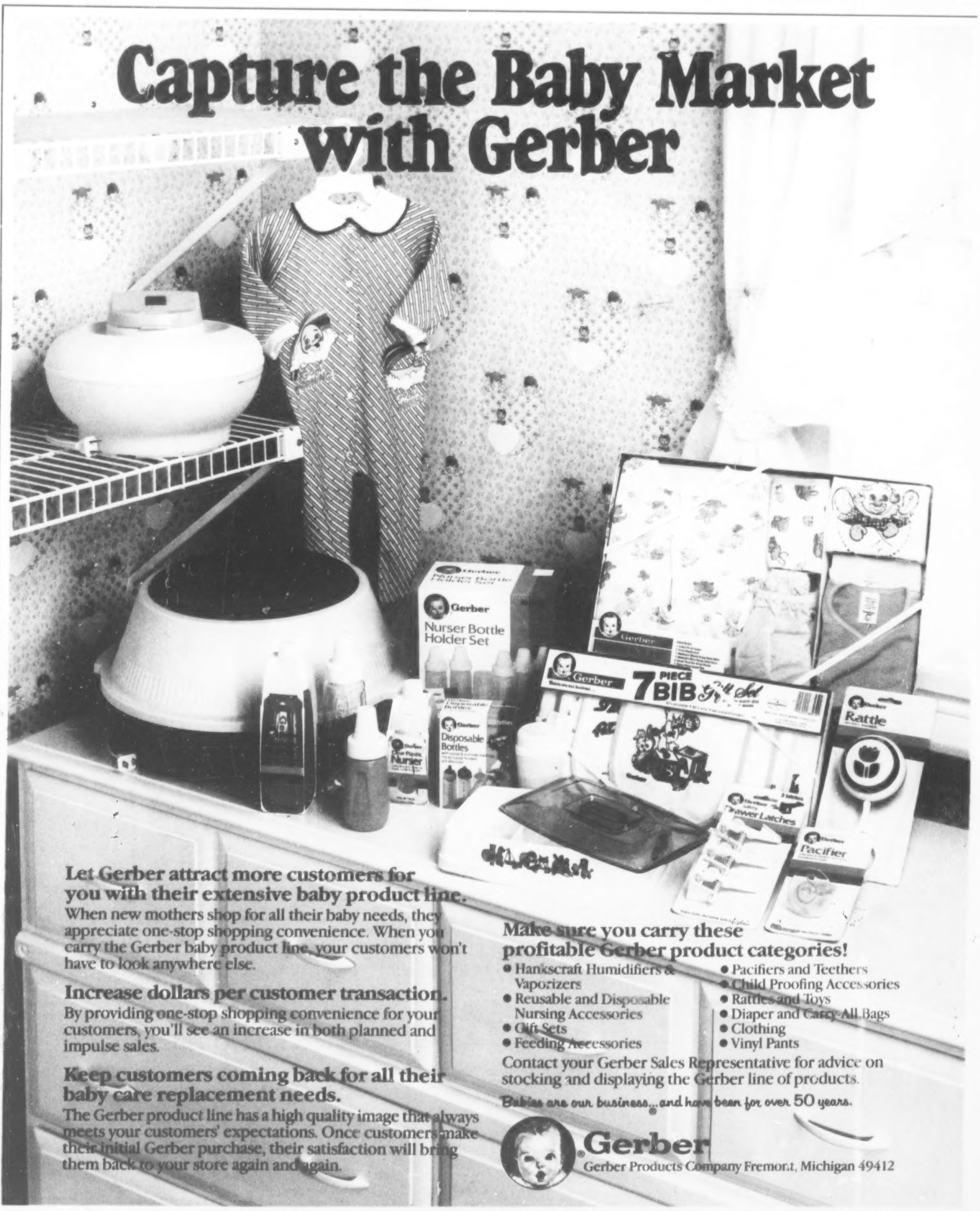
Still other big department store companies decided to enter the discount field, joining Federated, Allied and Dayton's: the May Co. pegged four openings for St. Louis in the early 1970's, and Rich's announced its intentions of spinning off a

(Continued on page 48)

Target invaded St. Louis, opening two stores. The ribbon cutting featured Jack Fontaine, Missouri regional manager, Rusell Sandberg, store manager and Douglas Dayton, president. *(DSN photo)*

Top Five: 1968

Chain Rank	$ Volume (millions)	Store Count
1. K mart	1,175	276
2. Gibson	895	425
3. Korvettes	665	45
4. Woolco	553	94
5. Interstate	507	94



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Contact your Gerber Sales Representative for advice on stocking and displaying the Gerber line of products.

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1969: Soft Goods, Section Takeovers Gain

1969 Highlights

Industry volume: $18.4 billion.

Stores: 3,613.

- New store count is consistent at 306.
- California leads in store footage growth with 2,755,000 sq. ft. added.
- Chains up soft goods' share of the mix to 40%.
- May Co. names its discount division Venture.
- Rich's decides to create Richway.
- MMRF becomes Mass Retailing Institute.
- Dun & Bradstreet says industry has 5.8% of total retail sales.
- Kresge knocks 117-unit Jupiter off its new-store drawing boards.

New prexies in 1969 included Max Candiotty (l.) at 53-unit, $300 million Daylin, and Robert J. Futoran (r.), at 52-unit, $155 million Bradlees. *(DSN photos)*

Flower power was in, as evidenced by its use in decor in discount stores, especially new boutiques that began appearing in more chains' junior apparel departments during 1969.

Chains were looking to up soft goods, not only juniors, with many raising its slice of the overall mix to 40%. By the same token, in pursuit of bigger sales and gross margins, chains continued to move to take over formerly leased departments.

K mart, which started in 1962 with lessees pulling down 50% of total volume, was shrinking the figure by 10%; Bradlees raised its share of company-operated departments from 85% to 90%.

Zayre senior vp Sumner Feldberg urged a group of discounters during a Mass Merchandising Research Foundation meeting to shoot for $100 per square foot, opposed to $65 currently pervasive.

Industry volume took a 12% hike, up to $18.4 billion from $16.4 billion, a jump somewhat less dazzling than the year before.

As chains topped the $5 million average volume per-store mark, Dun & Bradstreet reported discounters' share of total retail sales was 5.8%, compared to 1.3% in 1960.

Second Thoughts

Wall Streeters, noting some stocks had dropped during the year, were warming up their formerly cooled projections for 1970. Abetting their bullishness were chain predictions for sales increases of 16% or better. At least nine major chains eyed that performance: Arlans, Fishman, Gamble-Skogmo, Interstate, King's, Kresge, Woolworth and Zayre.

A number of stock analysts polled by *DSN* mentioned most favorably Kresge, Zayre, Interstate, Arlans, King's and Mammoth Mart for the coming year. They based their opinions on those chains' ability to expand and get financial backing.

Zayre and Interstate were singled out because of their successful ventures into specialty store operations.

Analysts also stressed that investors in 1969 had greater faith in discounters, because the chains were turning into organizations no longer relying on a few men to run them.

New store openings for the year remained consistent with the previous year at 306, up four units.

While chains were still merging, there was a slow down in that activity. Market specialists attributed that to new antitrust enforcers' attitudes toward conglomerates (i.e., halting the

(Continued on page 48)

Top Five: 1969

Chain Rank	$ Volume (millions)	Store Count
1. K mart	1,250	330
2. Gibson	1,100	465
3. Korvettes	700	46
4. Interstate	625	101
5. Zayre	550	156

CASH IN!

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[illegible] you buy any of Union's full line of motor oils, [illegible] double your normal co-op [illegible] ing allowance . . . and [illegible] we'll raise it even more.

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UNION 76

STILL GROWING AT TWENTY 20 Discount Store News

Sporting Goods Trends

	1962	1970	1975	1976	1977	1978	1979	1980	1981	1982	5-year % Change '82 vs. '78	% Change '82 vs. '81
Dept. Size (sq. ft.)	N.A.	2,200	2,500	2,500	2,600	2,650	2,550	2,500	2,500	2,500	− 5.6	N.C.
Annual Turns	N.A.	2.6	3.0	4.5	4.3	3.5	3.5	3.1	2.9	2.5	−28.5	−16.0
$ Volume per sq. ft.	N.A.	N.A.	72.00	122.58	188.34	120.32	124.13	129.00	132.00	149.00	+23.8	+12.8
Initial Markup (%)	N.A.	31	34	34	34	34	35	35	36	37	+ 8.1	+ 2.8
Gross Margin (%)	N.A.	29	27	26	29	26	27	28	30	31	+19.2	+ 3.3
Discount $ Volume (billions)	N.A.	N.A.	N.A.	N.A.	2.2	2.2	2.3	2.5	2.7	3.1	+40.9	+14.8
$ Sales per Store (thousands)	N.A.	N.A.	N.A.	N.A.	318.8	318.8	316.5	323.0	331.0	374.0	+17.3	+13.0

N.A.—Not available. N.C.—No change. Source: DSN research.

1969: Soft Goods, Takeovers Gain

(Continued from page 47)

Cook/Gray Drug proposed merger); stock price drops, and the 1% boost in interest rates which brought them to 8½%.

The most square footage added by the industry during the year was in California. The state had a flurry of discount activity, with Woolco deciding to head west on the advent of its 100th store opening, and Zodys extending its boundaries.

California-based Lucky Stores gave the wings of autonomy to Gemco, making it a separate division.

The May Co. announced Venture would be the name of its new division, headed by John Geisse. The new chain was taking on more of a "Target look," adding former Target staffers. Appointed vp of finance was Thomas A. Hayes, former executive vp, Diners Club.

Still more traditional retailers were throwing their hats into the booming industry ring: Ward spoke of the strong likelihood it would be in the race; Rich's announced it would open a new division, to be called Richway, in the Atlanta market; Danners was treading out of its variety store past, and lessee Zale decided it too would open full-line discount stores.

More fuel was added to the Target-talk burner with the advent of Dayton's merging with Hudson.

The faces in discounting were changing rapidly, as evidenced by the growing number of management moves:

—Max Candiotty was named proxy of Daylin as David Finkle became chairman.

—Ames named founder Milt Golman the company's first chairman.

—Abe L. Marks became chairman of Hartfield-Zodys succeeding Leo Hartfield.

—Morton S. Fisher was named president of Town & Country.

—Robert J. Futoran of Frederick Atkins became president of Bradlees.

Flight to Fla. Opening Takes Havana Detour

(From DSN, April 6, 1970)

The plane takes off from the Cleveland airport.

Suddenly a strange man follows the stewardess into the cockpit.

Three executives from Cook United's discount division are on the plane heading to the opening of a new store in Merritt Island, Fla.

One of the executives asks: "Did you see that? Someone just went in to see the pilot."

The men put down their newspapers. Something is wrong.

The pilot announces: "We have been hijacked. We are going to Havana."

Fear spreads through the United 727. There's a man on board with a loaded gun.

Richard Stoiler, senior vice president, administration; Gus Downing, personnel director, and Sterling Stern, director of marketing services, are worried, like everybody else.

The plane lands in Atlanta.

Over the intercom the hijacker shouts, "No one, I repeat, no one is to move."

No one moves. Forty-five minutes later the plane takes off, bound for Havana.

The Havana airport is not equipped to handle a 727 landing; there's a 45-mile-an-hour crosswind. The landing in Havana is rough.

Three Cuban army men throw open the door and demand the hijacker surrender his gun. He does.

Time passes. Finally the passengers are led off the plane into an area marked "immigration."

Six hours go by. Finally, passengers and crew are taken back to the plane. Lift off. And, at last, Miami.

The Merritt Island store opened the following morning. It was a grand opening.

1968

(Continued from page 45)

chain.

May appointed John F. Geisse, formerly of Target, prexy of the new division which it looked to tally $60 million in volume.

Meanwhile, to assure the future of Target, Dayton's announced it would take its company public that year.

Rumors, founded by a Spartans (parent of Korvettes) move to unload its 38% stock in Alexander's, persisted that the latter would also go public by early 1968.

Personnel Change

Alexander's chairman and ceo George Farkas retired in the midst of the speculation, leaving his son Alexander president and chief executive officer. Benjamin Bartel, then corporate counsel, was named chairman.

Also announcing his retirement during the year was K mart vice chairman and general manager C. L. Yoke. Though not retired, Korvettes founder Eugene Ferkauf left his chain.

Milton Friedman was appointed executive vice chairman of Spartans Industries responsible for Korvettes, and Len Blackman became president of the chain.

At Interstate, Sol Cantor was being pegged as the next chairman of the chain, upon the death of Murray Safanie. Cantor was then president and ceo.

In other management moves, William A. Hodder, senior vp and gmm of Target, was promoted to president; Leonard Feinstein was elevated to gmm from vp of operations at Arlans; Julian Lavitt became executive head of White Front; Robert C. Wachs was named prexy of Vornado's Unimart division; Saul Zusman, formerly of Caldor and G. Fox, became the first gmm of an expanding Ames.

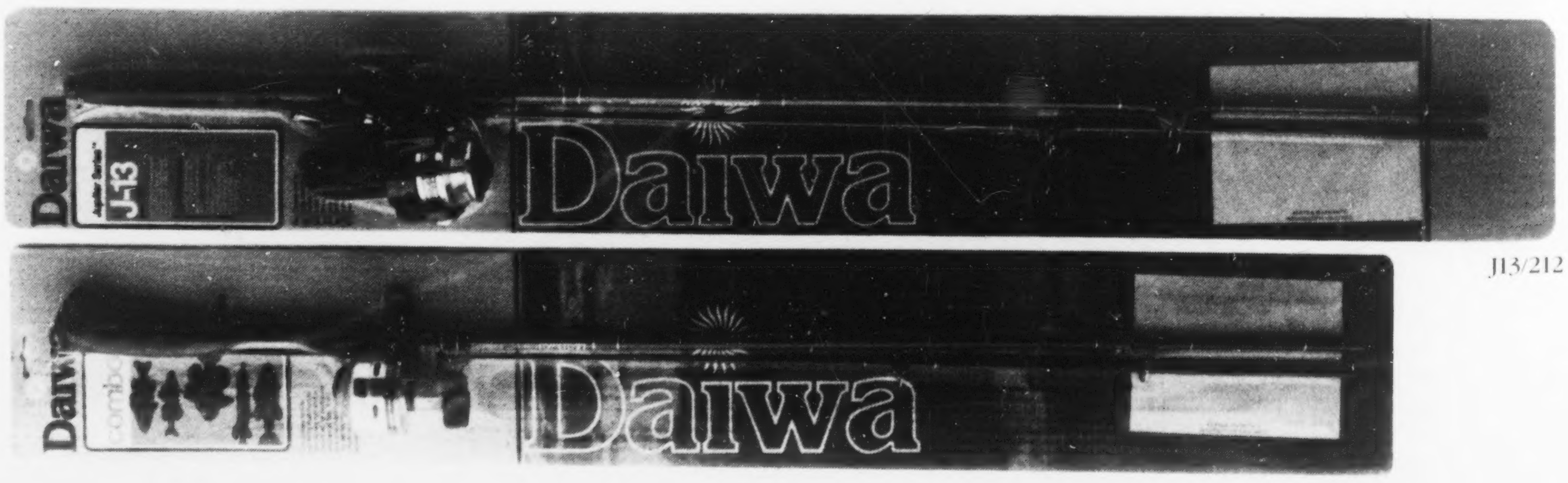
Stock-up for Daiwa's big "OFF"ers

We're offering your customers some spectacular rebates on some of our best-selling rods and reels.
Daiwa wants to make it easier for everyone to go fishing.
And we want you to profit from it.
Write to Daiwa for your book of consumer coupons.
And stock up on the number one selling tackle.

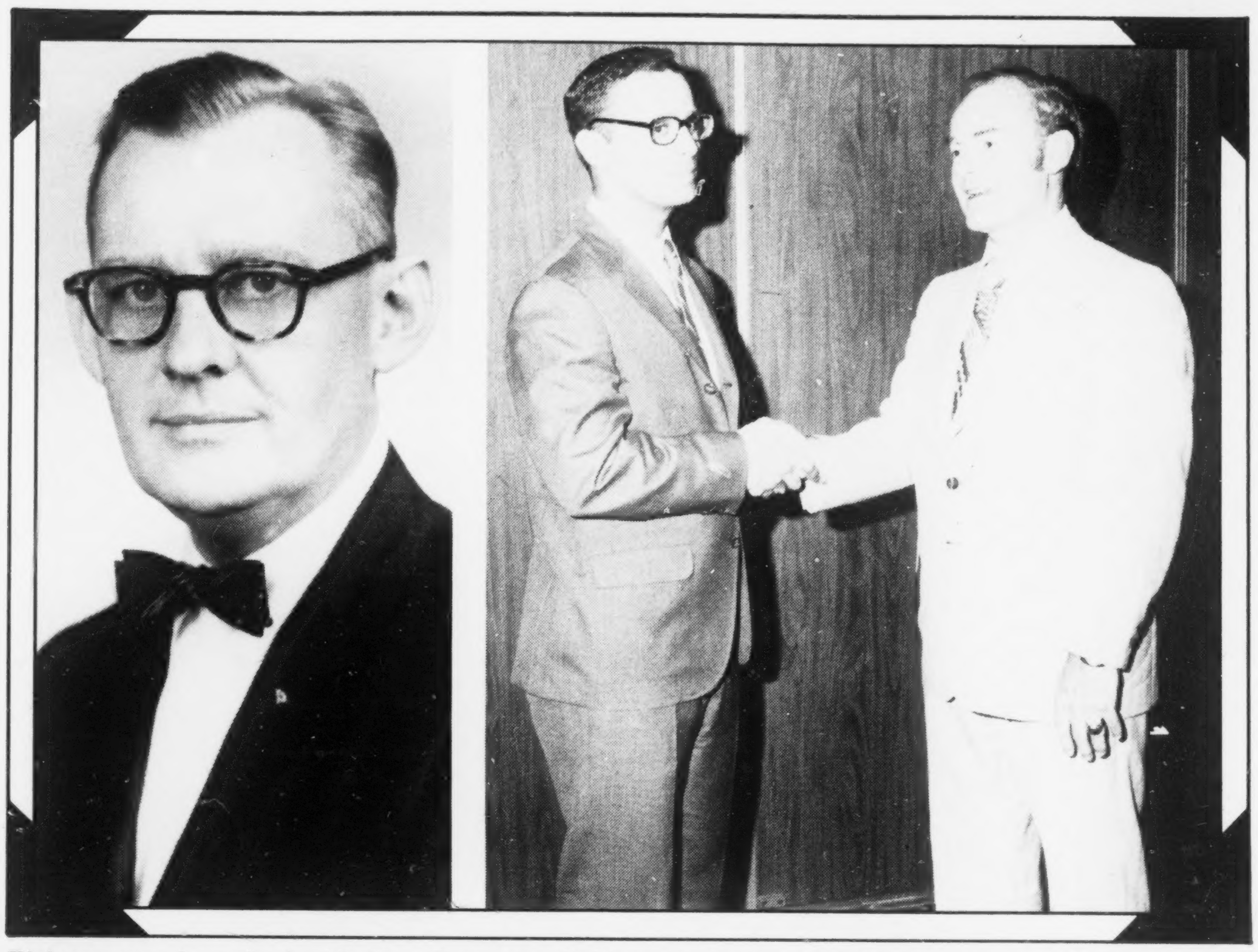
$2 OFF

Holiday Kits.

It's going to be easier for your customers to buy Daiwa kits for Christmas and Father's Day gifts. With a $2 rebate on either of 2 kits, the 108S/231P and the J13/212. Rebates are good from November 1, 1982 to June 30, 1983.



1970: More Conventional Holdouts Join Up



Richway was launched with Alan Ferguson (left) as senior vp, merchandising and sales promotion. John Geisse (far right), an architect of Target, was tapped by May Co. to be president of its new Venture offspring.

1970 Highlights

Industry volume: $22.5 billion.
Stores: 4,011.

- Gibson's hits the $1 billion mark.
- Woolco begins big drive to the West with entry into California.
- Kresge stock reaches $59; Grant's hits $52.
- Big year for chain launchings: Richway, Clover, Venture, Levine's, Lee's, Murphy's Mart, Rhodes Way and 3D.
- Wal-Mart ranks No. 73 among the top 100 chains with 26 stores.
- Harry Cunningham, Kresge's chairman and ceo, turns over president's spot to Robert Dewar.
- Hot items: Spiro Agnew watches, Nerf balls, Beatles album "Let It Be," men's dress shirts/tie sets in Cassini colors, $3.99 to $5.99.

The first year of the new decade was a boom for discounters despite all the odds against it: rioting in the streets, high inflation, tight money and the Paris threat of an export called "the midi."

In 1970 discounters jumped a full four percentage points in total general merchandise store sales, reaching a 35.7% market share.

The average volume of a discount store was $5,610,000, up 9.9% over 1969. Sales per square foot, in gross selling space, hit a new industry average of $68.25, up from $65 the year before.

The $22 billion discount store industry, which had already lured such department store groups as Dayton Hudson and Federated, plus variety chains like Kresge and Woolworth, pulled in at least eight holdouts in 1970.

The May Co. jumped on board with its launch of two Ventures in the 163,000-sq.-ft. class in the St. Louis suburbs.

Heading the operation was John Geisse, one of the architects of Dayton Hudson's Target operation. The stated plan for Venture was to parallel Target's success in hard lines with a push for more depth in soft lines. To get there, Venture hired nearly half its hard lines merchants away from Target and pulled soft lines people from conventional department stores.

New Approach

Federated, already operating the two-year-old Gold Circle chain, was eying another type of Dayton Hudson division. After examining Lechmere, Federated launched its own hard goods discount arm, Gold Triangle, with three stores in the Miami-Fort Lauderdale market.

Thanks to the clout of its parent Rich's, traffic was backed up more than a mile at each of Richway's two grand openings in March 1970. The stores, both in the Atlanta suburbs, were in the 160,000-sq.-ft. league, including 27,000 sq. ft. of leased supermarket space.

These two units were seen as just a warmup for Richway's Deep South invasion into South Carolina, Alabama and Florida.

Philadelphia-based Strawbridge & Clothier broke ground in the New Jersey suburbs for its first Clover stores. Management announced its intention to have 20-25 Clover stores operating within the decade in its three-state Delaware Valley trading area.

Three more variety chains jumped into discountland in

(Continued on page 54)

Top Five: 1970

Chain Rank	$ Volume (millions)	Store Count
1. K mart	1,500	403
2. Gibson	1,026	540
3. Korvettes	800	49
4. Woolco	750	160
5. Interstate	702	120

$5 OFF

Magforce Reels.

You'll be able to offer a $5 rebate on Daiwa's revolutionary Magforce anti-backlash system from November 1, 1982 to June 30, 1983. Two Magforce models will be offered, the PMF 10S and the wide spool PMF 15S.

MAGFORCE
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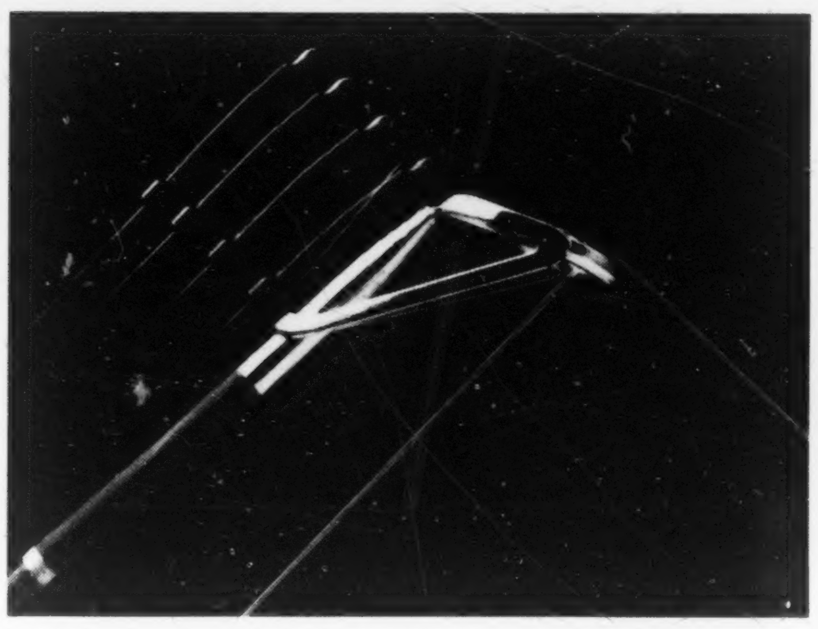

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From February 15 to June 30, 1983, your customers get $3 back on our new Strike rods – top quality graphite rods at fiberglass prices. An you'll have the Strike Force out there selling them for you too.

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For your consumer coupon book write, Daiwa Corp., Dept. CB-83, 14011 S. Normandie Ave, Gardena, CA 90249

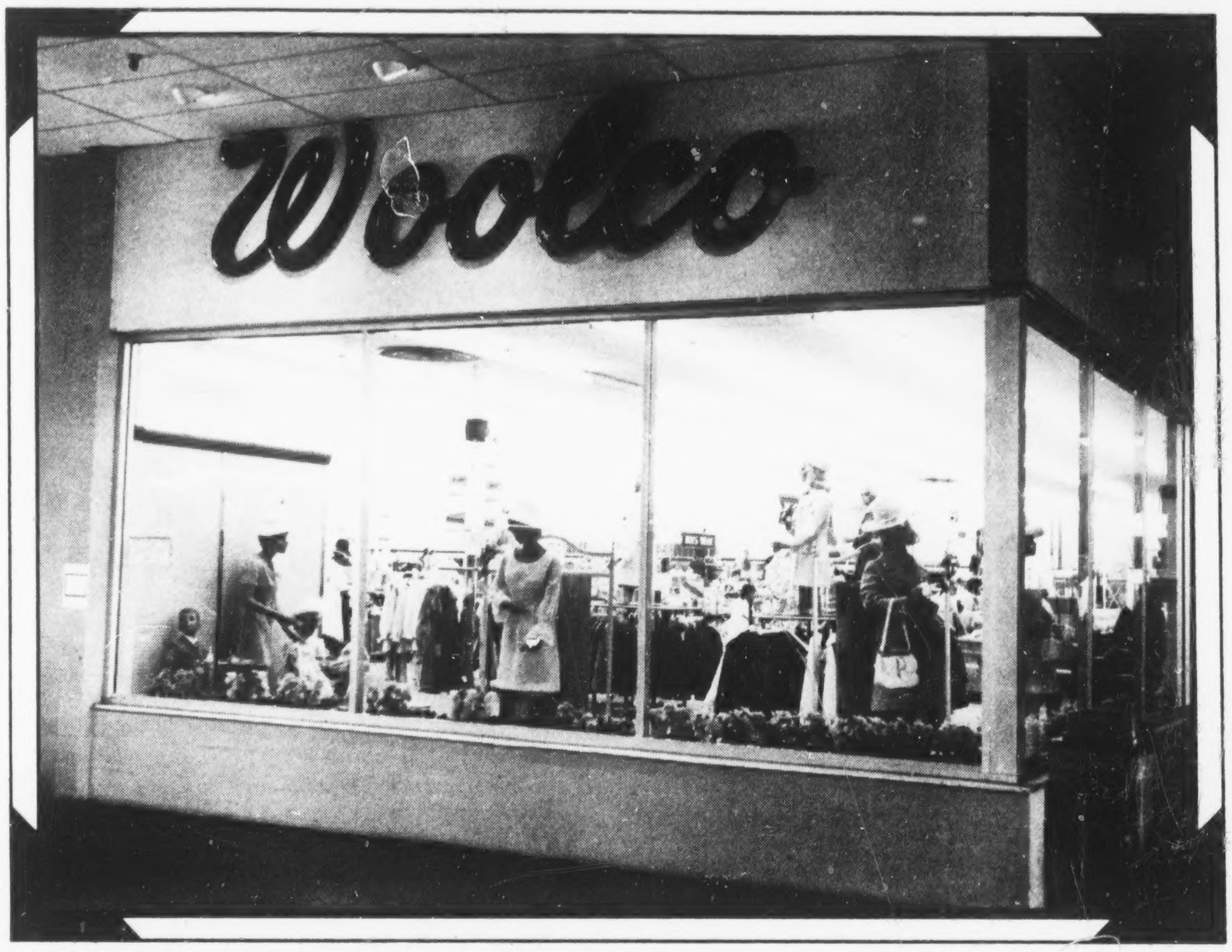
1971: K mart Soars; Three Old Biggies Stumble

1971 Highlights

Industry volume: $25.6 billion.

Stores: 4,344.

- K mart is the first chain to top the $2 billion mark.
- Zayre joins the top five list; Interstate is bumped down to No. 6.
- Duckwall launches ALCO with three stores in Kansas.
- Struggling to climb out of the red, Arlans plans to close 30 stores.
- Maurice Segall, director of J. C. Penney's Treasury division, resigns to join American Express.
- Hot items include space-dyed, skinny-ribbed knit shirts and sweaters, particularly with industrial zip necklines; 43-44-in., top-of-the-boot coats; hand-held hair dryer/stylers.



Woolco, billed as a "promotional department store" until 1971, was able, unlike K mart, to gain entrance into enclosed mall shopping centers, like this one in Denver. *(DSN photo)*

The 1971 store expansion slowdown, as a result of tight money and the saturation of major markets, didn't bother K mart. It continued to be a steamroller.

The first chain to pass the $2 billion mark, K mart continued to widen the gap between it and the other industry leaders, with second-ranking Gibson's $1 billion behind the Detroit-based giant.

With K mart maintaining its pattern of opening 70-75 new stores each year, chairman Harry Cunningham expected the chain to have no problem reaching its goal of $8 billion in general merchandise volume by 1980.

While K mart was surging ahead in sales and earnings, some of the mighty—Korvettes, Interstate and Arlans—were beginning to stumble.

The new management team at Korvettes was keeping the lights burning late looking for a way to revitalize the chain's stagnant sales and drop in income.

Marshall Rose, the chain's new president and still president of the discounter's new parent company, Arlen Realty & Development Corp., said, "We're sticking with Korvettes for the long haul . . . it has the potential to become one of the great retail institutions of all time."

Plans Listed

ARDC's plan to boost Korvettes' volume $100 million within a year included: cutting markups in an attempt to reassert its former price clout; opening eight new stores; locating new stores in malls with conventional department stores, and in turning loose institutional TV advertising in the eastern markets to bolster the value image.

At Interstate, chairman Sol Cantor was predicting a 1971 profit rebound following a net income plunge to $1.4 million in 1970 from $8.8 million the prior year.

Cantor's optimism was based on the company's two discount operations—Topps and White Front—settling labor problems which resulted in strikes lasting up to five months in some markets.

With modest expansion slated for the discount operations, Interstate planned to put more muscle behind its toy specialty chains operating under the names Children's Supermart and Children's Bargaintown, U.S.A.

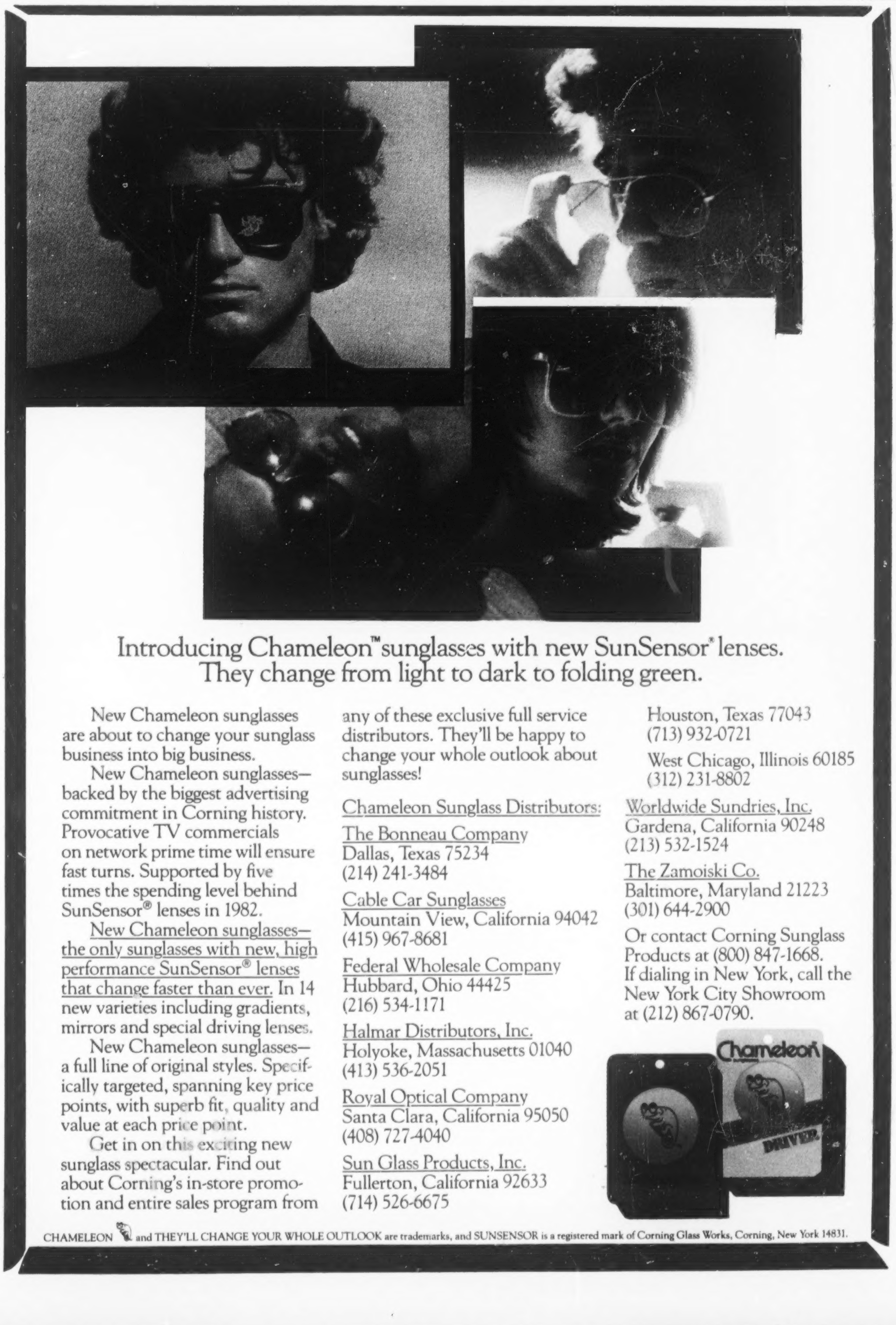
Interstate management denied rumors that it was dropping soft goods from its Los Angeles-based White Front stores, saying it was testing a new kind of store, an 80,000-sq.-ft. unit without soft lines.

Arlans was grappling with a

(Continued on page 54)

Top Five: 1971

Chain Rank	$ Volume (millions)	Store Count
1. K mart	2,800	485
2. Gibson	1,550	590
3. Woolco	870	190
4. Zayre	683	200
5. Korvettes	700	50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STILL GROWING AT TWENTY 20 Discount Store News

Housewares Trends

	1962	1970	1975	1976	1977	1978	1979	1980	1981	1982	5-year % Change '82 vs. '78	% Change '82 vs. '81
Dept. Size (sq. ft.)	N.A.	3,400	5,390	5,400	5,100	5,100	5,100	5,734	5,734	5,750	+12.7	+ 0.3
Annual Turns	N.A.	3.9	3.9	4.4	4.4	4.2	4.2	4.2	4.1	3.9	− 7.1	− 4.9
$ Volume per sq. ft.	N.A.	N.A.	64.00	83.63	84.46	87.25	91.75	95.00	102.00	111.00	+27.2	+ 8.8
Initial Markup (%)	N.A.	35	36	37	37	38	37	38	36	36	− 5.2	N.C.
Gross Margin (%)	N.A.	34	31	34	33	34	33	34	32	31	− 8.8	− 3.1
Discount $ Volume (billions)	N.A.	N.A.	N.A.	N.A.	N.A.	3.1	3.4	4.2	4.8	5.3	+70.9	+10.4
$ Sales per Store (thousands)	N.A.	N.A.	N.A.	N.A.	N.A.	444.9	467.9	543.00	588.00	639.00	+43.6	+ 8.7

N.A.—Not available. N.C.—No change. Source: DSN research.

1971

(Continued from page 51)

red ink problem, a $22 million net operating loss. Kenton Corp., in the process of acquiring Arlans, was navigating Arlans' comeback drive, operating under a two-year management consulting contract.

Sidney Kamino, president of Kenton's 27-store FBC discount chain, was also at the helm as chairman and ceo of Arlans, following the resignation of Warren Eisenberg.

The Kenton cure for Arlans included paring down the volume from $370 million to $300 million; closing 30 money-losing stores; cutting payroll to less than 10% of sales, and eliminating virtually all warehousing.

One chain that wasn't experiencing any growing pains was Woolco. Thirty new stores were brought on board in 1971 with sales pushing toward the $1 billion figure.

Woolco took another giant step in 1971. Management acknowledged that Woolco was, indeed, a discount operation, not a "promotional department store".

Benson Flanzbaum (second from left), president of California-based Fantastic Fair, was a discounter who believed a store opening should have excitement—and elephants.

1970

(Continued from page 49)

1970.

J. J. Newberry launched Lee's discount store, a 60,000-sq.-ft. unit in Aiken, S. C. Newberry's chairman and president, Walter C. Strauss, said the chain would aim at the $5,000-$8,000 family income group, and sales per square foot of $50, $8 higher than the variety chain's.

G. C. Murphy opened the first Murphy's Mart near its Pittsburgh home base.

Indianapolis-based Danner's variety chain kicked off its discount store bid with a small, 22,000-sq.-ft. test unit called 3D in Huntington, Ind.

Two markets on the drawing board and slated for expansion by several chains were St. Louis and Washington.

With St. Louis and its 2.5 million population ranked as one of the top 10 key growth areas of the country, many chains were singing the tune, "Meet Me in St. Louis."

Fourteen discount chains were operating 36 full-line stores in the market and there would be more to come. May Co.'s launch of Venture joined a lineup consisting of, among others, Zayre, Target, GEM, K mart, Arlans, Cook United's Ontario chain, Shopper's Fair and Spartan-Atlantic.

Problems Seen

The year 1970 wasn't all go-go expansion. "Tight money," the year's buzzwords, also prompted chains to look for ways to trim the fat from their operations.

One result was that chains known for putting up "super-size" stores trimmed back to squeeze out greater sales productivity.

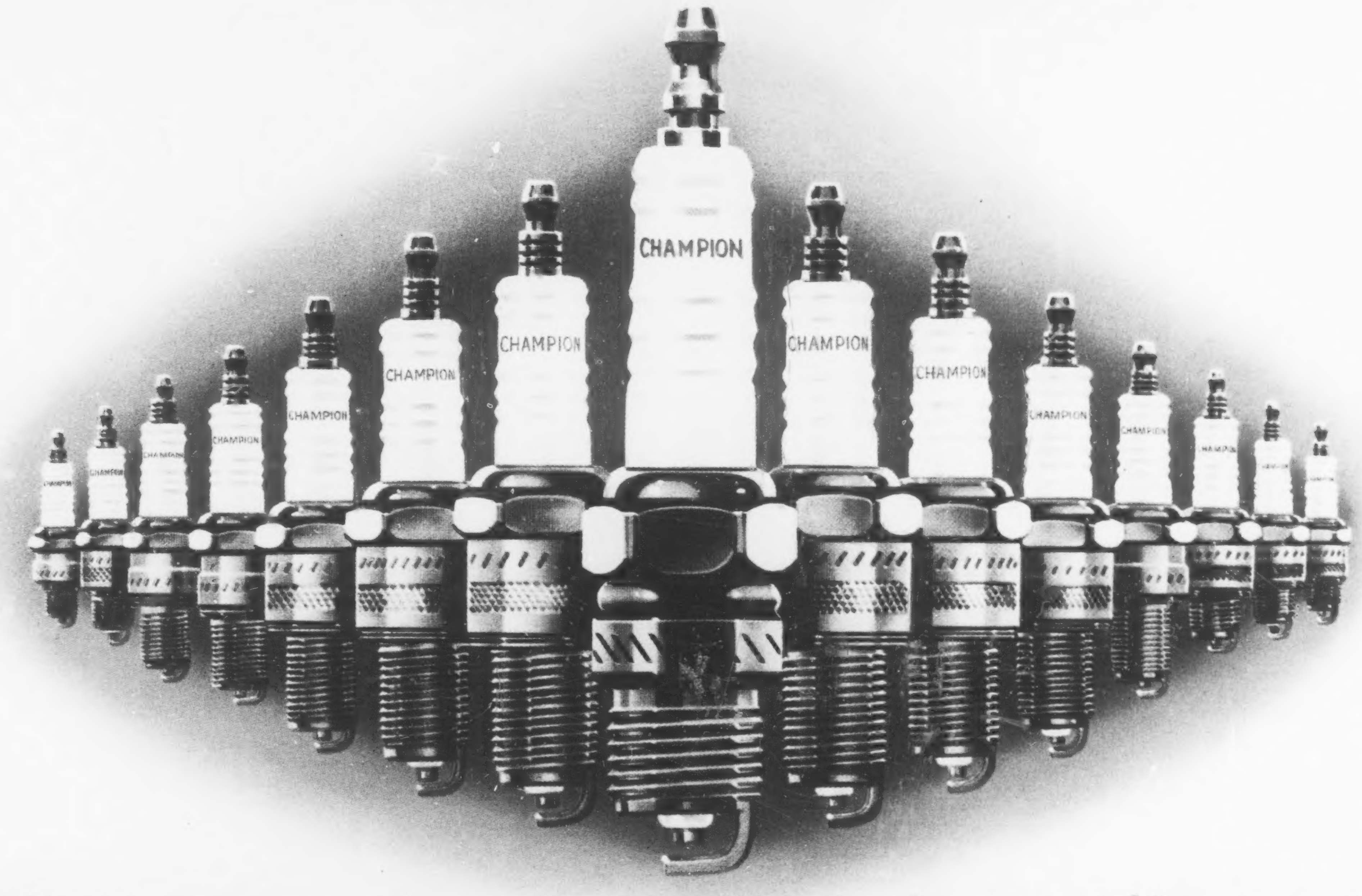
Store size notwithstanding, discounters were debating the salability of a new arrival from Paris alternately called "the midi" and "the longuette." Irene Satz, Ohrbach's fashion director, wrote to *DSN*: "The length is here at Ohrbach's. Come fall, we'll be showing only the longuette."

Korvettes and Interstate were going to test the lower hemline, but most discounters were planning to stay away.

What all discounters were talking about, in a more favorable light, was the introduction of new flash cubes, fired by a pin and requiring no battery or external power source. With the new flash cubes ready to hit the shelves, buyers were gearing up for big boost in camera sales.

NEW 'COPPER PLUS'

Champion introduces a new design program with 30% fewer plug types.



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'COPPER PLUS'...engineered with consolidation in mind. This new line enables you to cover 93% of the import/domestic 4-cylinder market with only 15 plug types...compared to the 23 formerly required. (You'd need more than 30 AC or Autolite types...as well as over 40 NGK types...to deliver the same kind of coverage.) That means dramatic reductions in inventory costs. Product moves faster, more profitably.

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1972: Store Sizes Cut

1972 Highlights

Industry volume: $28.2 billion.
Stores: 4,720.

- K mart, now past $3 billion, launches 60,000-sq.-ft. "mini" stores slated for smaller markets.
- Korvettes taps Bill Cullen for TV ads to say "where the price is always right."
- Vornado opens its first catalog showroom operation in New Jersey.
- Target acquires 16 former Arlans stores and expects to top $300 million.
- Hot items include prerecorded 8-track tapes; unconstructed men's sports jackets, $15-$30; tennis rackets; "elephant" flare women's slacks and jeans.

Discounters in 1972 were patting themselves on the back for having weathered the recession, tight money and high interest rates.

Despite these obstacles, the industry managed to surge ahead, adding close to $3 billion in sales and nearly 400 new stores.

With the two-year-old recession abating, discount chains were in a take-off position with an increase in new store openings planned for late 1972 and for 1973.

This time around, there was a new direction on the drawing board for several major chains. With discounter saturation of the major metro markets, the chains began paring their typical store size to prepare for the invasion of medium and smaller markets.

In 1972 only 30% of new store openings were in the top 50 markets, compared to 38% in 1971. This trend was expected to continue. K mart and Zayre were leading the way in opening scaled-down units geared for smaller trading areas.

At the same time that K mart was phasing handguns out of its merchandise assortment and moving its headquarters from downtown Detroit to suburban Troy, it was phasing in new 60,000-sq.-ft. "mini" stores.

The "minis" were headed for smaller markets in addition to the typical 90,000-sq.-ft. prototype for major markets. K mart expected to open eight "minis" by the end of 1972, another 15 to 20 in 1973.

Shifting Gears

Major appliances, lumber and building materials were scheduled to be dropped from the smaller stores.

With K mart's growth juggernaut abetted by the "minis," the chain expected to pick up the store opening pace to 95-100 a year, instead of the previous 70-75.

This new pace prompted a revision of the 1980 volume goal. Now, K mart was talking about $10 billion by 1980, not $8 billion.

Zayre, the fourth largest discounter, was heading toward the $1 billion class. Pushing hard to expand its 230-store empire, management announced 30 new stores, 2.1 million sq. ft. would be added in 1973.

Many of the stores going into action would be the new 43,000-sq.-ft.-77,000-sq.-ft. size, compared to its 78,000-sq.-ft.-83,000-sq.-ft. prototype.

Zayre intended to use the smaller stores as vehicles to fill in gaps in its markets and boost store productivity. While Zayre was shooting for $1 billion volume, it also hoped to better its 1.3% net profit-to-sales ratio and boost its $75 sales per square foot of selling space.

One discounter that managed to break the $1 billion barrier in 1972 was the 10-year-old Woolco. With 232 discount stores operating, Woolco stated its goal was to bouble the size of the operation and hit 500 stores within five years.

The store opening schedule was increased from Woolco's norm of 35 a year to 40 in 1973 and a possible 45 each year thereafter. This number would leave Woolco behind K mart in store openings, but well ahead of the plans of every other discount chain.

In another area, Woolco wasn't chasing K mart, it was going in an opposite direction. No longer calling Woolco a "promotional department store" and keeping its identity separate from the variety stores, Woolco and Woolworth began tieing in their TV advertising.

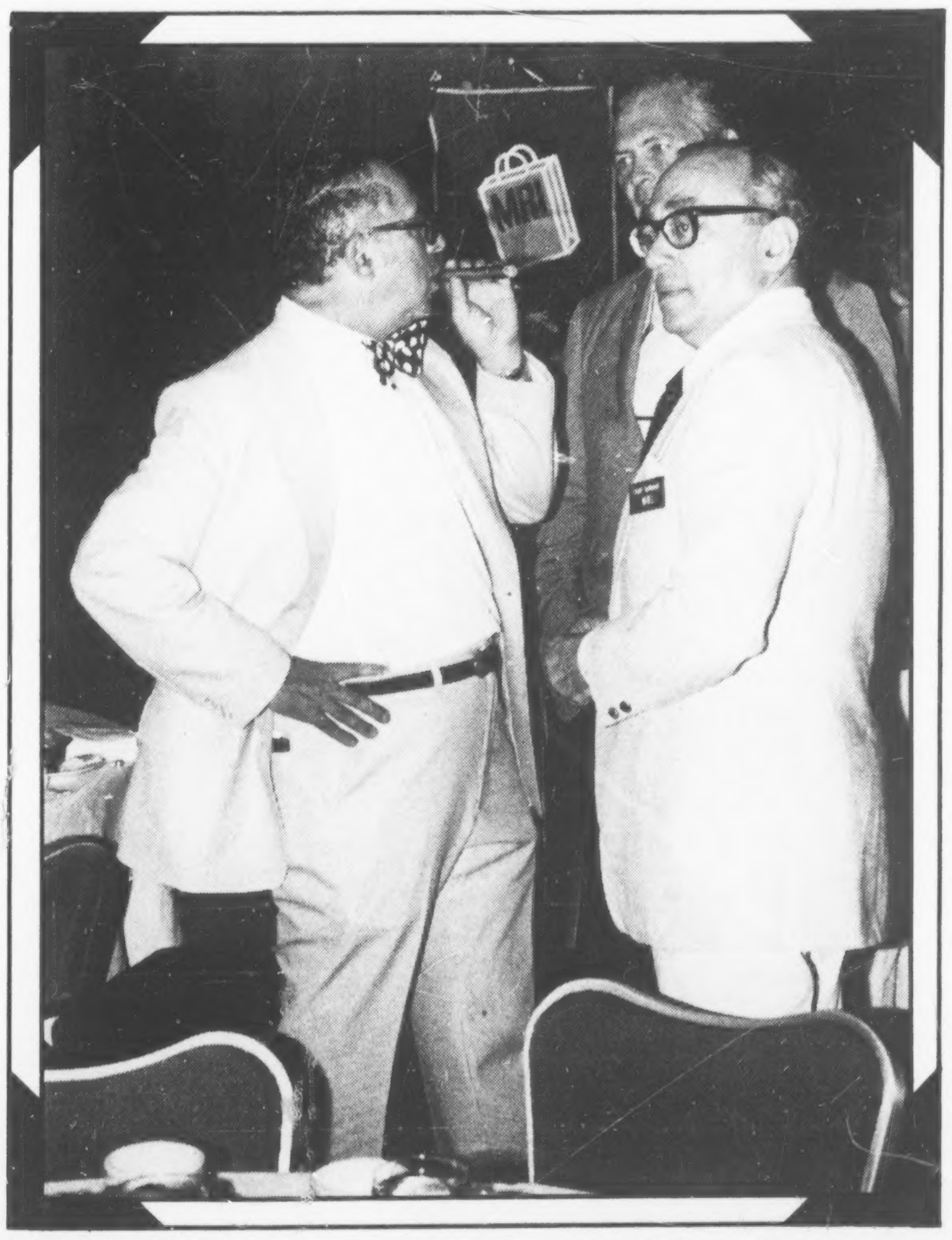
This move ran counter to the policies established by such retailers as Kresge, J. C. Penney, Rich's and Strawbridge & Clothier, all of which maintained their split personalities in advertising.

Arlans, struggling to climb

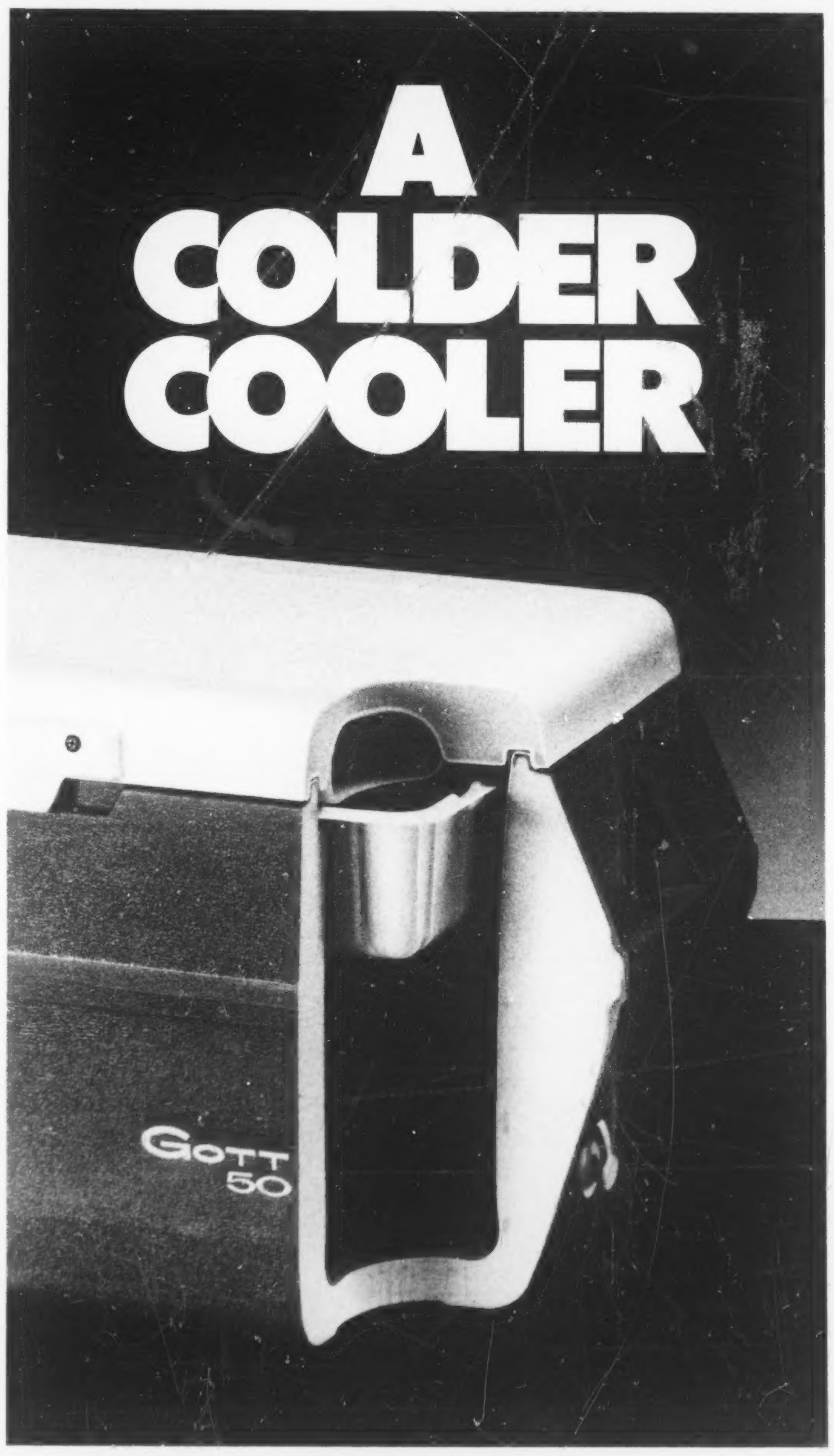
(Continued on page 61)

Top Five: 1972

Chain Rank	$ Volume (millions)	Store Count
1. K mart	3,200	570
2. Gibson	1,700	595
3. Woolco	1,100	232
4. Zayre	885	230
5. Korvettes	700	52



Art Buchwald (with cigar), with Kurt Barnard, MRI president, earned a rousing ovation for his observation, "Being a discounter means never having to say you're sorry."



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GOTT'S GOT IT.

1973: Arlans in Ch. XI

A heavyweight, Arlans, filed Chapter XI.

Interstate dramatically reduced its store base.

Zayre slowed its growth rate to concentrate on boosting sales in existing stores.

While the discount store industry continued its growth momentum, adding $3.3 billion in sales in 1973, it also stopped for breath and did some soul searching.

The result was that several chains began to take their markdowns. They shuttered nonproductive stores; called a halt to the buckshot pattern of new store openings, and reduced store size for greater productivity and lower inventory costs per unit.

As 1973 progressed, the need to hold down the cost of inventory became crucial as interest rates, once again, began to climb. By September the prime rate hit 10%, a new high for the year.

The timing of the interest rate spiral was particularly troubling for the chains financing Christmas inventories with short-term borrowings running higher than the prime.

Arlans, one of the industry's hottest growth chains as recently as 1970, was at the top of the "troubled list," having reported three consecutive years of falling sales and profits, the latter resulting in a loss of $57 million.

With its Chapter XI filing, Arlans was trying to make a fresh start. The store count was pared down from 105 in 1971 to 47 in 1973; all stores west of the Mississippi, among others, were abandoned.

Its debts frozen, Arlans was using income from sales to pay cash for inventory replenishment.

The chain's goal was to produce $100 million-$125 million in sales, and $2.5 million profit from remaining stores.

Interstate, the fifth largest discounter in 1970, reported a sea of red ink in 1973, part of which was created by radical surgery: the closing of 19 Topps and 21 White Fronts. By 1973 Interstate dropped to No. 13 among the top 100 chains.

With Interstate left operating 18 White Fronts, and 48 Topps, chairman Sol Cantor reported to the Securities & Exchange Commission that White Front and Topps still continued to be unprofitable. But, Cantor said, a bright spot was a small division of the company, Toys "R" Us, approaching 50 stores and $130 million in sales.

Interstate was hoping to get

(Continued on page 61)

1973 Highlights

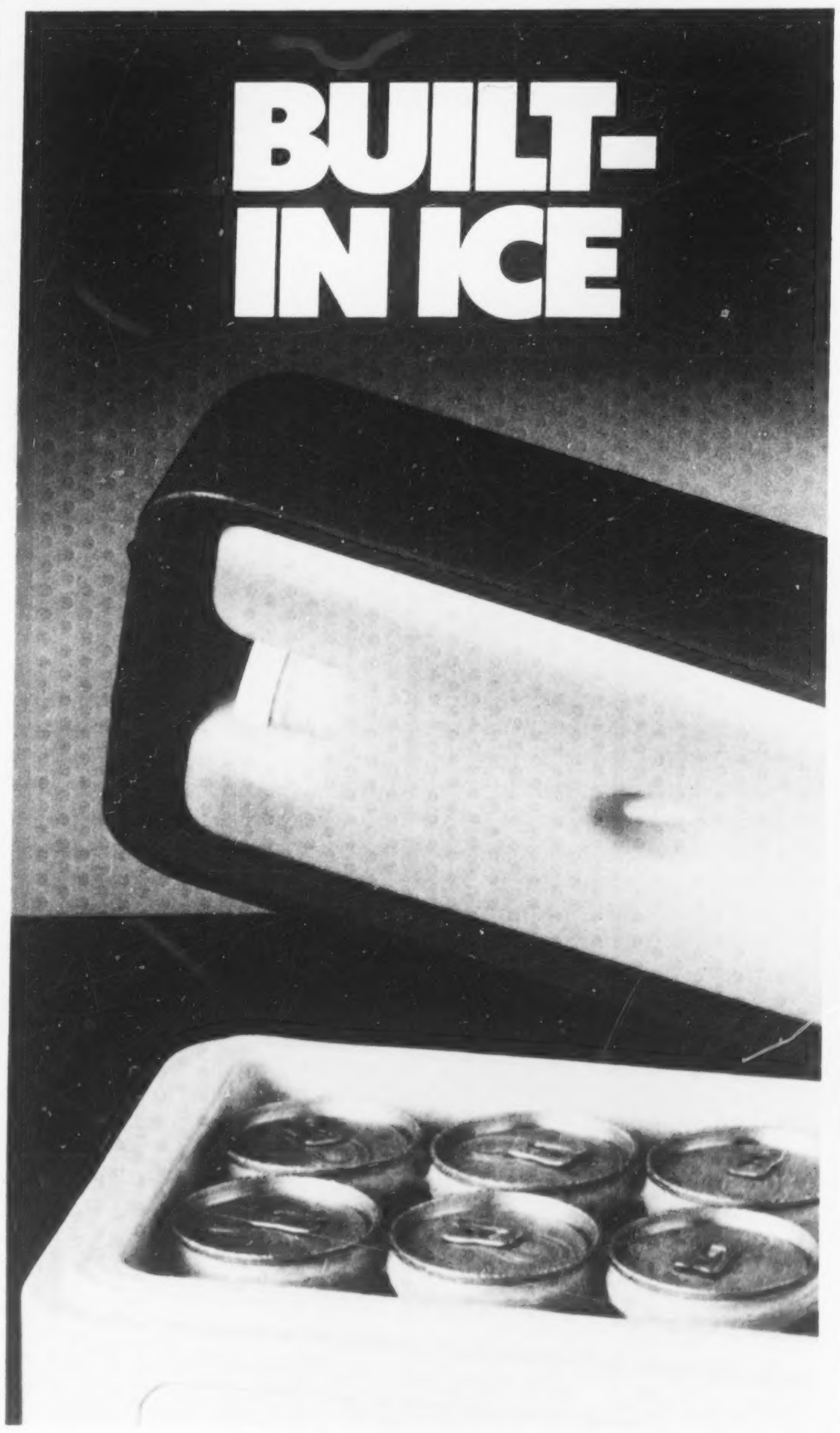
Industry volume: $31.5 million.
Stores: 4,962.

- Gemco, FedMart and The Treasury join the top 20 list.
- Wal-Mart, with $175 million in sales, is ranked 24th among the top 100.
- Arlans files Chapter XI, the biggest retail bankruptcy yet.
- Korvettes opens its first home furnishings clearance center.
- A new housewares category develops: knockdown furniture.
- Hot items include home freezers; pocket calculators; bow ties (for men); flared and cuffed men's slacks, and women's brushed denim jeans with nailhead trim.

Top Five: 1973

Chain Rank	$ Volume (millions)	Store Count
1. K mart	3,800	680
2. Gibson	1,750	700
3. Woolco	1,300	277
4. Zayre	965	250
5. Korvettes	675	56

Wal-Mart climbed from No. 73 among the top 100 chains in 1970 to No. 24 by 1973. In '73 shareholders received their first semiannual dividend, 5¢ a share.
(DSN photo)



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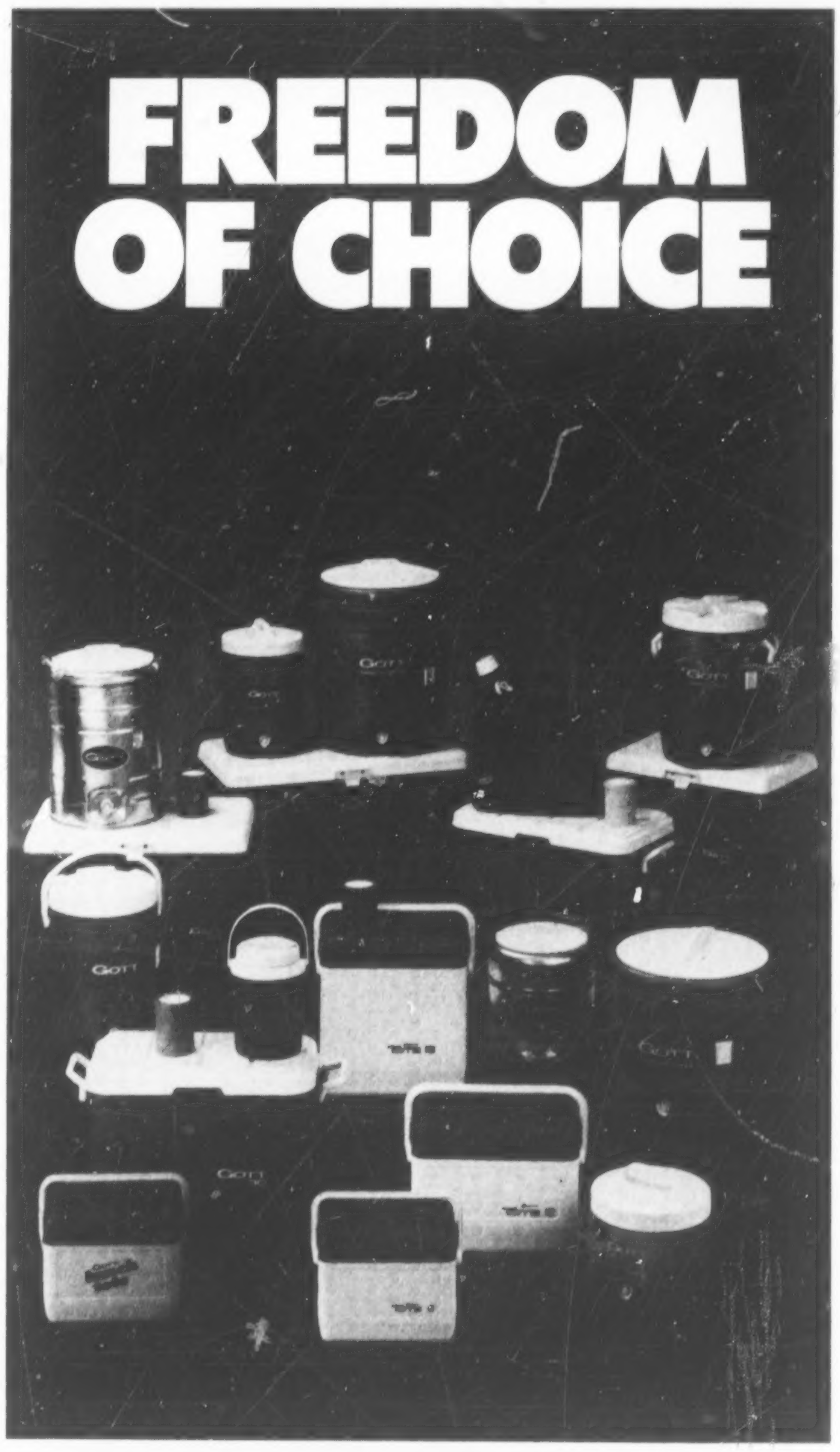

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GOTT'S GOT IT.

1974: 70's Shakedown Is Over . . . Or Is It?

K mart began to change its shape in 1974, opening its first mall sites as well as its first 40,000-sq.-ft. prototype, appropriately called a "mini." The chain planned 15-20 of the small units.

1974 Highlights

Industry volume: $34.4 billion.

Stores: 5,082.

- Merchandising highlights include the addition of DIY departments.
- Smaller stores—40,000 to 60,000 sq. ft.—have a bigger future.
- Unishops reorganizes under Chapter XI.
- Mammoth Mart closes 14 stores under Chapter XI.

The shakedown of the 70's is over.

That was the consensus of top executives of major discount chains when brought together by *DSN* in 1974 to discuss the future of the discount industry.

Looking into their crystal balls, the chain execs predicted there would be a rise in promotional business, and pinpointed turnover as the area for improvement.

Those surveyed cast an optimistic vote when they said they didn't expect any other major chains to file Chapter XI in the future. Obviously there was enough confusion in 1974 to last for some time.

Among the chains jockeying for stability in 1974 were Parkview-GEM, which filed for reorganization under Chapter XI; Interstate, which filed Chapter XI after a deal to acquire 1,200 McCrory variety stores fell through, and Mammoth Mart, whose store count kept declining as it, too, reorganized under Chapter XI.

Washington, Dallas-Fort Worth and Indianapolis were among the cities that found themselves minus some stores as six chains—including Cook, Arlans and Family Bargain Centers—shuttered 33 stores in those and other markets.

Chicago, however, was one of the hot markets in 1974, as J. C. Penney's Treasury, Woolco and Venture opened three units each in the city. The Windy City added 1.5 million sq. ft. in new discount store space in less than two years.

The drive by chains for market domination grew. Caldor continued to move into Westchester and Connecticut counties; Gold Circle opened its sixth unit in an Ohio suburb and K mart opened 10 sites in New Jersey, eight in the Baltimore area and another eight in New England.

K mart's shape began to change in 1974. The industry leader opened the first two of a projected 15-20 40,000-sq.-ft. sites dubbed "minis." K mart also opened its first mall site in '74.

The Background

The much touted darling of the year, paradoxically, as discount store size was diminishing, was the European hypermarket.

Those stores ran as large as 200,000 sq. ft.—with food making up a large percentage of sales. The hypermarkets' high profiles were considered to make efficient use of the cube—a concept discounters borrowed even as they devoted their efforts to upping soft goods sales.

A Federal indictment handed down on price-fixing had discounters wondering if they would be able to carry branded apparel at discounted prices.

Caldor's hard goods orientation began to wane in two new upstate New York sites as the chain reached a 55/45 ratio in soft/hard lines. Caldor had previously run 30/70 in soft/hard goods.

Other chains refining their merchandise mix included Two Guys, which eliminated its supermarket, furniture and jewelry departments, and Gold Circle, which began whittling down the sku's found in its small-appliance department.

(Continued on page 61)

Top Five: 1974

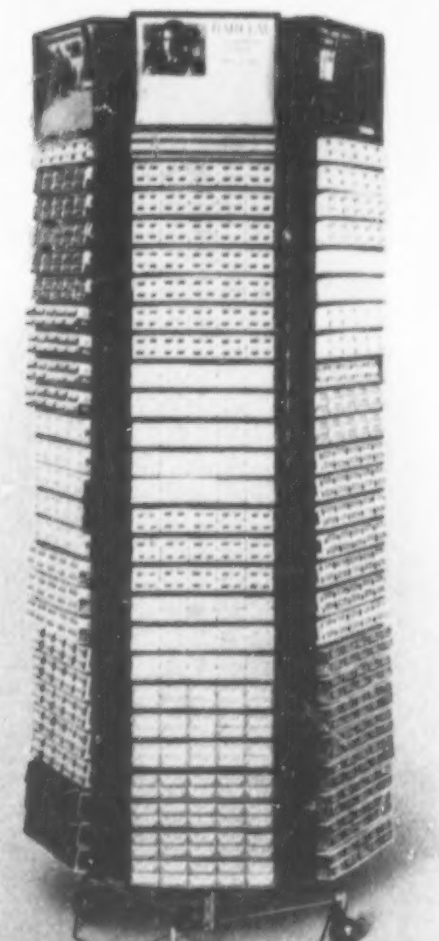
Chain Rank	$ Volume (millions)	Store Count
1. K mart	5,239	788
2. Woolco	1,563	314
3. Gibson	1,306	640
4. Zayre	954	258
5. Korvettes	705	571

Earn up to $24,000 profit per year per store.

With B&W's centralized package merchandisers you can pack the most selling potential into every inch of cigarette selling space. In fact, a retailer, depending on his volume and his profit margin structure, could generate package profits as much as $24,000 per store/per year, experience annual inventory turns as high as 45.8, and an ROII of as much as $16.01 with the placement of only two of our compact 1560 package merchandisers.

The problem with conventional cigarette display fixtures.
In 1972 you only needed 69 brands to satisfy 98.5% of your customer demand. Today you need 135 brands. Conventional belt-line package fixtures are simply inadequate — in capacity and flexibility — to meet this dynamic demand for cigarette package sales in supermarkets.

What's more, independent, reputable studies show eight out of ten customers will shop elsewhere if you don't carry the brands they prefer! And, 20% of those customers will stop shopping with you altogether!



B&W 1560 Merchandiser
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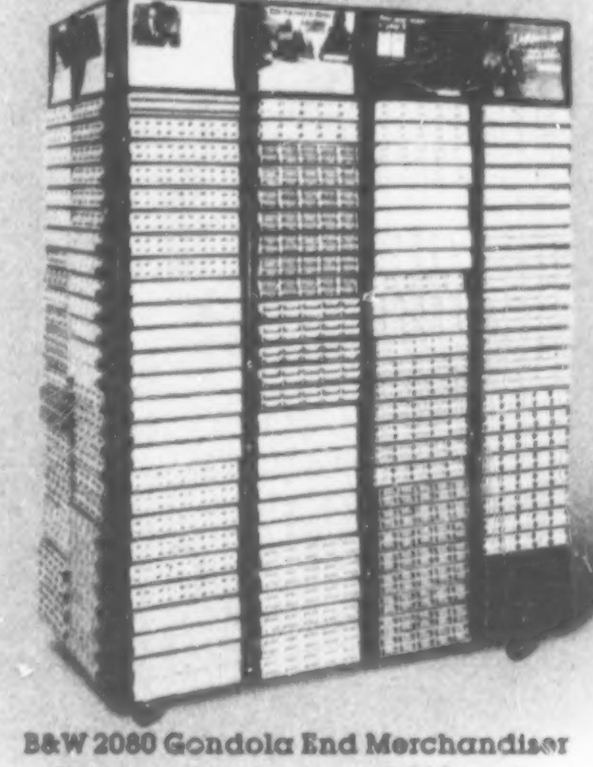
- Large capacity in 3.79 sq. ft. of floor space
- Quick carton loading
- On wheels for easy restocking



B&W 2080 Gondola End Merchandiser
- Highly visible display of 2,080 packs
- Eliminates front-end clutter
- Provides maximum brand mix
- Quick carton loading
- Cuts labor costs — improves front-end efficiency
- Reduces inventory investment

The B&W solution.
B&W's flexible package merchandisers can give you more sales and greater profits in less space by . . .
- Holding a full line of brand styles to optimize sales
- Reducing stock outs and improving customer satisfaction
- Eliminating multiple inventories
- Lowering labor costs through easy carton loading
- Maximizing product visibility

So, if you're still relying on conventional cigarette package display fixtures, ask your B&W Representative to evaluate your profit potential and show you how to pack more profits into your cigarette selling space.

Our business is helping yours.
BROWN & WILLIAMSON TOBACCO CORPORATION

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1973: Arlans in Ch. XI

(Continued from page 57)

back in the black in fiscal 1974.

A problem that continued to plague the operation in 1973 was the difficulty of obtaining merchandise for Topps. Manufacturers were cutting off the pipelines due to the chain's financial problems. To offset this, Topps instituted an "open buying day program." Every Tuesday buyers were available to see vendors without an appointment.

White Front didn't have this problem since Interstate leased out almost all the chain's departments except for major appliances.

In 1973 Zayre projected sales of $1.05 billion for the year ended January 1974 and released a five-year plan calling for sales of $1.6 billion by 1978.

More Stores

The plan included another 100 to 125 stores by 1978, but that figure represented a slowdown to about 20 new stores a year, instead of the previous 30 a year.

The chain's new emphasis was to concentrate on building up its impact in existing markets. Zayre's commitment to cluster development was exemplified by its pullout from Philadelphia. With just one store, although a profitable one, Zayre decided it was too expensive to operate in this major market.

One chain where sales rejuvenating efforts seemed to be paying off was Korvettes. Under the leadership of David Brous, president, the chain was taking steps to move away from its discount store image to one of a "value department store."

Toward that end Korvettes expanded its closeout fashion apparel assortment and aggressively went after name brands for that segment of the business, reducing its level of private label imports.

In another move paralleling department store strategy in its trading area, Korvettes opened a pilot 26,000-sq.-ft. furniture clearance center in New Jersey.

October 1973 was the date of a "first" for Wal-Mart, Shareholders received their first semiannual dividend, 5¢ a share. A company spokesman said the dividend payout was a sign of the company's "maturity," reaching the point where the chain could pay a dividend and finance new growth through internally generated income.

That year Sam M. Walton, founder of the chain, also made the news. In a *Fortune* study of "the new multimillionaires of the 1970's," Walton made the list.

So did a handful of other retailers: Curtis L. Carlson, head of the Carlson Companies conglomerate that included Ardan catalog showrooms; Milton J. Petrie, founder of the Petrie special apparel stores, and Manny Fingerhut, head of a vast mail order operation.

H&BA Trends

	1965*	1970	1975	1976	1977	1978	1979	1980	1981	1982	5-year % Change '82 vs. '78	% Change '82 vs. '81
Dept. Size (sq. ft.)	2,600	2,000	2,243	2,227	2,227	2,235	2,235	2,240	2,240	2,275	+ 1.8	− 1.6
Annual Turns	7.1	4.7	4.1	4.4	4.2	4.3	4.3	4.3	4.1	4.2	+ 2.3	+ 2.4
$ Volume per sq. ft.	139.00	N.A.	140.00	152.09	165.79	181.56	192.03	208.00	224.00	243.00	+33.8	+ 8.4
Initial Markup (%)	N.A.	28	26	27	26	28	29	30	28	25	−10.7	−10.7
Gross Margin (%)	26	24	21	22	21	21	23	25	23	22	+ 6.2	− 3.0
Discount $ Volume (billions)	N.A.	N.A.	N.A.	N.A.	N.A.	2.8	3.1	3.6	4.1	4.6	+64.3	+12.2
$ Sales per Store (thousands)	N.A.	N.A.	N.A.	N.A.	N.A.	405.7	429.2	465.0	502.0	550.0	+36.8	+10.6

*N.A.—Not available. *—Earliest year for which figures were available. Source: DSN research.*

1972: New-Store Sizes Are Whittled

(Continued from page 56)

out of the red, closed 30 stores, some of them in key markets like Atlanta, Jacksonville, and northern New York State.

The chain was sticking it out in the tough St. Louis market, dominated by Venture and Target. In an attempt to maintain its competitive position there, Arlans began experimenting with the offer of Top Value trading stamps.

Several discounters tried similar trading stamp programs, only to drop them after unsuccessful trials. In 1972, Two Guys was one of the few discounters still offering stamps.

In 1972 discounters were taking a closer look at a feisty, burgeoning retail competitor, the catalog showrooms.

Many were skeptical about the growth of the catalog showrooms and their ability to chip away at the discounters' business. Others, like K mart, reacted by cutting prices to meet the catalog competition, particularly in traffic appliances.

Some chains decided to join them, not fight them. Vornado, Two Guys' parent, opened showrooms in New Jersey. Grand Union, Grand Way's parent, chose the same state to launch its operation.

Discounters called 1972's Mass Retailing Institute convention in Atlanta "the best ever." The longest and loudest ovation of the confab went to Art Buchwald, the speaker who said, "Being a discounter means never having to say you're sorry."

That comment began, and ended, his references to the mass retailing industry.

1974

(Continued from page 58)

Discounters were trying to keep a lid on prices in 1974, as tradeup was looked down on. In the consumer electronics category there was a slowdown in the rush to high-end—$300 to $600—systems. Discounters found most of the movement in the $200 area, with chains adding to their stock of televisions and bringing in some audio components.

The bulk of the movement in the toy and hobby area came in the under-$10 items. In housewares, chains expanded into the field of personal care electrics.

Adding It Up

As merchandise mixes were turned and chains kept expanding, a joint MRI/NRMA study showed that small discount chains outperformed larger concerns. As a per cent of sales, bottom-line profits for chains doing under $100 million in sales averaged three times those of chains doing over $100 million.

Some names in the news in 1974 included Martin Lewis, named president and ceo of Cook United; Neil Bennett, appointed director of stores for Rich's Richway discount arm, and Peter Hayes, now chosen as dmm for hard lines at Hills.

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1975: Chains Reduce Costs as Recession Hits

1975 Highlights

Industry volume: $38 billion.

Stores: 5,536.

- The greatest gain in discount stores is in the East Central and mid-Atlantic regions.
- DIY and leisure living departments grow in popularity.
- W. T. Grant closes 201 stores; some chains fear tightening of credit lines.
- Recession causes fears and cutbacks in operating and merchandising expenses.
- "Jaws" becomes a hot licensed character.
- Hugo Mann buys FedMart.

Discounters found themselves taking drastic measures to do battle with the 1975 recession.

Chains began laying off their staffs, substituting part-time workers for full-timers and slashing store hours in an effort to reduce utility bills.

Sales and earnings slides in 1974 caused promotional battles to heat up in 1975. Christmas was no longer so jolly as chains slowed their holiday ordering—with memories of heavy markdowns and sluggish consumer buying during the previous Christmas season striking deep in executives' hearts.

K mart launched an aggressive promotion drive in the spring as flat or depressed earnings were projected for the fourth quarter of the year.

That projection, however, didn't hinder the chain's expansion drive—with over 130 stores opened in 1975.

Caught in a Squeeze

Although K mart continued its growth, the discount chain population suffered some shocks. Such chains as Mammoth Mart and Unishops continued to operate out of Chapter XI. Despite a declining store count the chain predicted they could come out of Chapter XI.

Mangel moved out of discounting, as it closed all its Shopper's Fairs but continued to operate specialty shops.

Nondiscounter W. T. Grant's bankruptcy brought its store count from 1,074 in 40 states to 873 in 28 states. The chain also took storewide markdowns on merchandise.

The action sent trembling throughout the discount industry as discounters feared the tightening of credit lines.

Game's, a South African discounter, opened stores in Maimi—ready to brave the American wilds.

Target kicked off an ambitious five-year, 20-store expansion program, with a major effort readied for St. Louis and Milwaukee. Wal-Mart opened 21 stores. California didn't lose its appeal as the Treasury and Gold Circle moved west.

The strength of the industry was apparent in the two weeks up to Nov. 17 when a store opening blitz took place—over 2,000,000 sq. ft. of space was opened.

FedMart was acquired by Hugo Mann, a West German retailer. Mann planned to move the chain toward a hypermarket prototype, and Giant Way, a 10-unit chain, sought to acquire Zodys.

Discounters looked to devote more store space and advertising dollars to soft lines.

As consumers put off making hard goods purchases, chains tried to improve their margins by boosting sales in such areas as apparel and domestics. With soft goods operating on higher markups than hard goods, the former started receiving prima-

(Continued on page 67)

Top Five: 1975

Chain Rank	$ Volume (millions)	Store Count
1. K mart	5,872	933
2. Woolco	1,912	332
3. Gibson	1,454	650
4. Zayre	985	267
5. Two Guys	860	76

DRESS SHIRTS
DRESS SHIRTS

Venture's wall graphics reminded customers apparel had come a long way from the 19th century to the 20th. The five-year-old chain intended to build its share of the apparel business. *(DSN photo)*

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REAL-KILL®

1976: Ex-Grants Acquired

It was a phenomenal growth year for discounters in 1976 in more ways than the $44 billion volume produced.

A gain of 606 new stores—the most ever openings during a single year to that date and to the present—boosted the industry over the 6,000-store mark.

Much of the growth resulted from discounters taking advantage of ex-W. T. Grant sites, abandoned in that company's bankruptcy proceedings.

Among chains picking up Grant stores, in what amounted to a fierce bidding war, were King's, Two Guys, Hills, K mart and Caldor.

Highlights of the Bicentennial year included Caldor's 25th birthday; Hartfield-Zodys emerging from Chapter XI (which it had operated under for 16 months), and Kresge's earnings surpassing J. C. Penney's. (At $200,832,000 Kresge's earnings gave it second place among all retailers.)

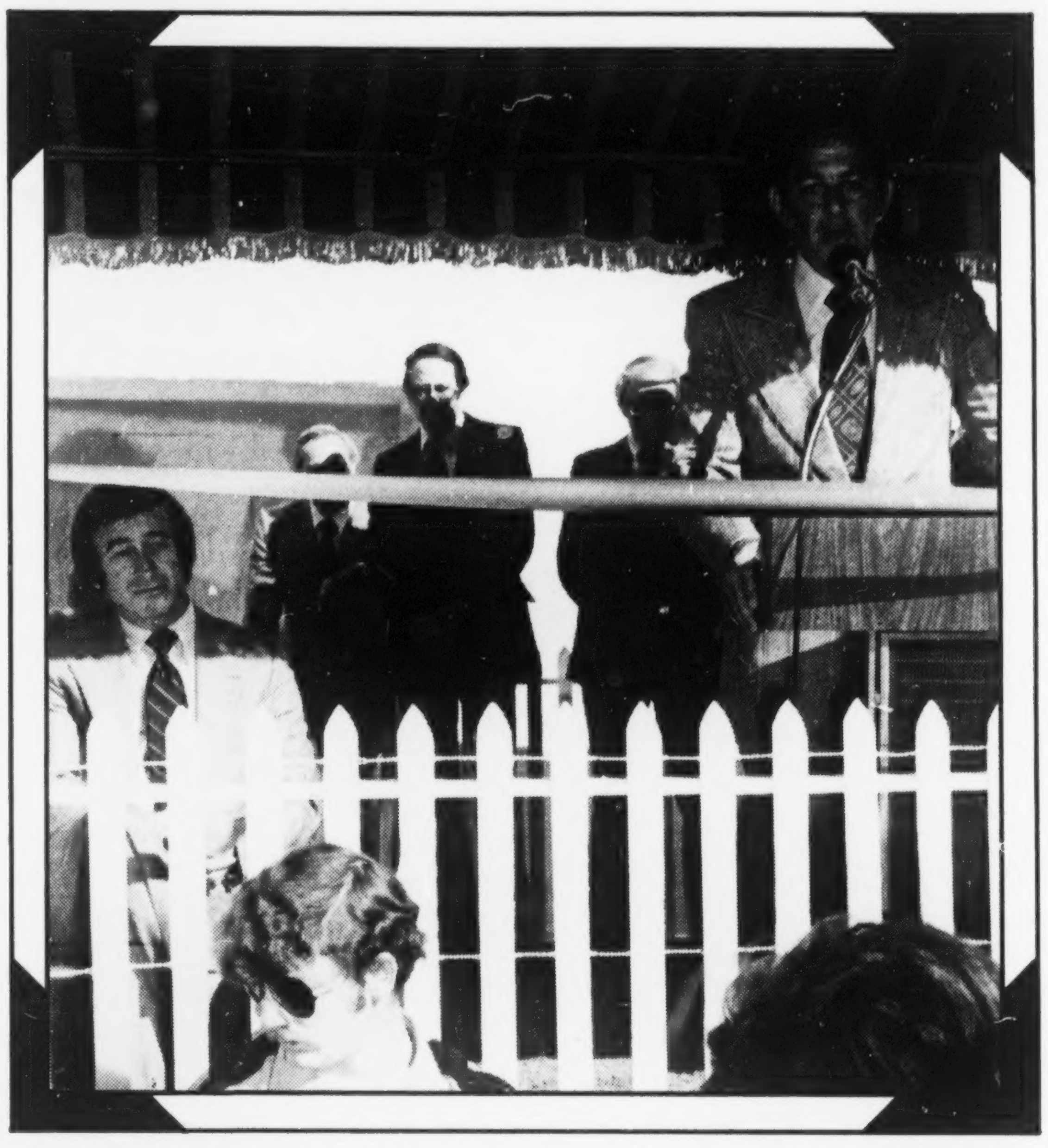
For the first time, T.G. & Y. found itself on the top 100 list's top 10. The Oklahoma City chain had evolved from its strict variety center operations into the operator of 416 discount stores, becoming the seventh largest discount chain with volume of $680 million.

During the year, *DSN* took a closer look at who was shopping discount stores and accounting for the industry's growth rate.

A *DSN*/University of Maine, Portland-Gotham, study polled 700 Portland shoppers and concluded discount store shopping was more preferred than department store shopping. The tally found 44.3% of shoppers preferring discounters to 34.4% preferring conventional department and specialty stores.

Of shoppers polled, 36.3% said their total purchases in discount stores usually ranged from 1¢ to $5; 30.4% spent $5.01

(Continued on page 67)



Hartfield-Zodys emerged from Chapter XI, guided by president and ceo Edward Solomon (seated, l.) and the Zodys division's new president Arnold Suval (speaking), who joined the company from W. T. Grant. *(DSN photo)*

1976 Highlights

Industry volume: $44 billion.

Stores: 6,142.

- Jimmmy Carter's Presidency poses question marks on unemployment and labor policies.
- Sol Price readies the Price Club.
- Bicentennial merchandising is hot.
- Hula Hoops sales are way up on the West Coast where discounters experience shortages—sales are slower on the East Coast. Prophylactics are displayed in some discount stores for the first time.

Top Five: 1976

Chain Rank	$ Volume (millions)	Store Count
1. K mart	7,653	1,992
2. Woolco	2,255	335
3. Gibson	1,487	647
4. Zayre	985	255
5. Two Guys	752	76

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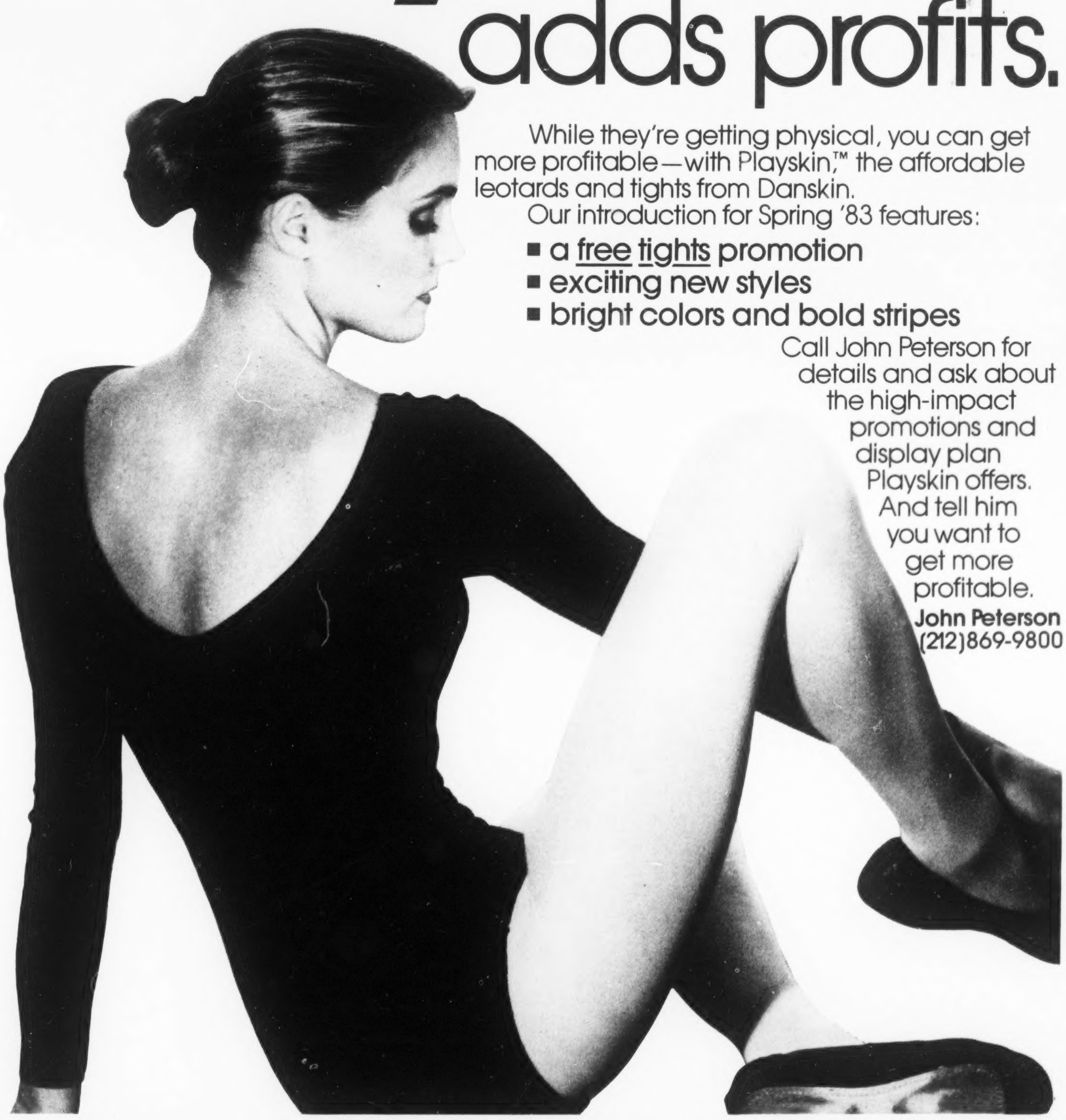

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1977: Openings Increase Store Count by 396

New-store openings were at the top of the news again in 1977.

As the industry grew to $47 billion and 6,538 units, it experienced its third-largest new-store openings gain. There were 396 units added, surpassed only by 1976's and 1970's new-unit totals. (In 1976, 606 new units bowed, with many takeovers of ex-W. T. Grant locations, after that company went bankrupt.)

K mart, approaching $10 billion in sales, accounted for a large portion of the new-store gain, opening 271 units compared to the 130 it had originally planned.

The leading discount chain during the period unveiled a new 55,000-sq.-ft. prototype, and began experimenting with a 30,000-sq.-ft. format (through its acquisition of 10 Town & Country units).

The average store size, reflecting the move by K mart and others to build smaller units, showed a decline from 72,031 sq. ft. to 71,566.

A closer look at expansion efforts revealed:

—Target opening 11 units to give it a total of 59. For the four years prior, Target had opened only three stores. Then in 1977 in four months' time it opened four, adding seven more by year's end.

—Woolco doubled its expansion plans from 12 to 22 and for the first time converted Woolworths to its logo with the conversion of four in Canada.

—Wal-Mart opened 47 units to give it 199, including 16 Mohr Valu takeovers. The chain also moved into its 10th state: Illinois.

—King's neared the 200-store mark with its acquisition of Mammoth Mart for a total of 185 units.

—Caldor opened six new units, five of which were former Grants.

A Closer Look

Perhaps the year's hottest story was the proposed Two Guys-FedMart merger that would link 82 units producing $830 million volume with 48 units and $600 million volume, respectively.

While waiting for the big merger, FedMart under the direction of European hypermarketer Hugo Mann agreed to purchase the Sage discount chain.

Among the other top news items were Kresge's name change to the K mart Corp.; the question as to whether ailing Korvettes could stay afloat; Pamida abandoning the Gibson franchised name; the FTC finally setting a trial date in its case against H. R. Gibson for allegedly inducing trade show allowances, and the fate of J. M. Fields, where the top management underwent more than one change.

The executive shuffle was no less titillating.

In a July issue, *DSN* reported 11 chains got new prexies in 10 months: Harold Frank at Bradlees; Robert Riesner, Valley Fair; Gerald Nathanson, J. M. Fields; Frank Arone, Goldfine's; Dave Kenney, Jefferson/Ward; Ron Mayer, Ayr-Way; Al Zasloff, Two Guys' parent Vornado; Arlie Lazarus, Jamesway; Bruce Allbright, Target; Gus Kuhn, Big K and Arnold Suval, Zodys.

Chains continued to experiment with new looks.

Zayre turned its Waltham, Mass., unit into a test laboratory for development of a new look. The 225-unit chain, which accounted for 86.5% of corporate volume, got a new sister division during the year as T. J. Maxx off-price specialty apparel stores were born.

At Bradlees, a new hard goods program was developed in the chain's 115,000-sq.-ft. Norwalk, Conn., prototype, focusing on "lifestyle" merchandising.

Merchandising Levi's jeans was a hot topic in the industry. A Levi's price war was raging.

Discounters like Bob Wachs at Two Guys West began transshipping Levi's and promoting them at deep-cut prices. The manufacturer, which had traditionally protected its price structure, found an FTC complaint greatly diluted its power to regulate the product.

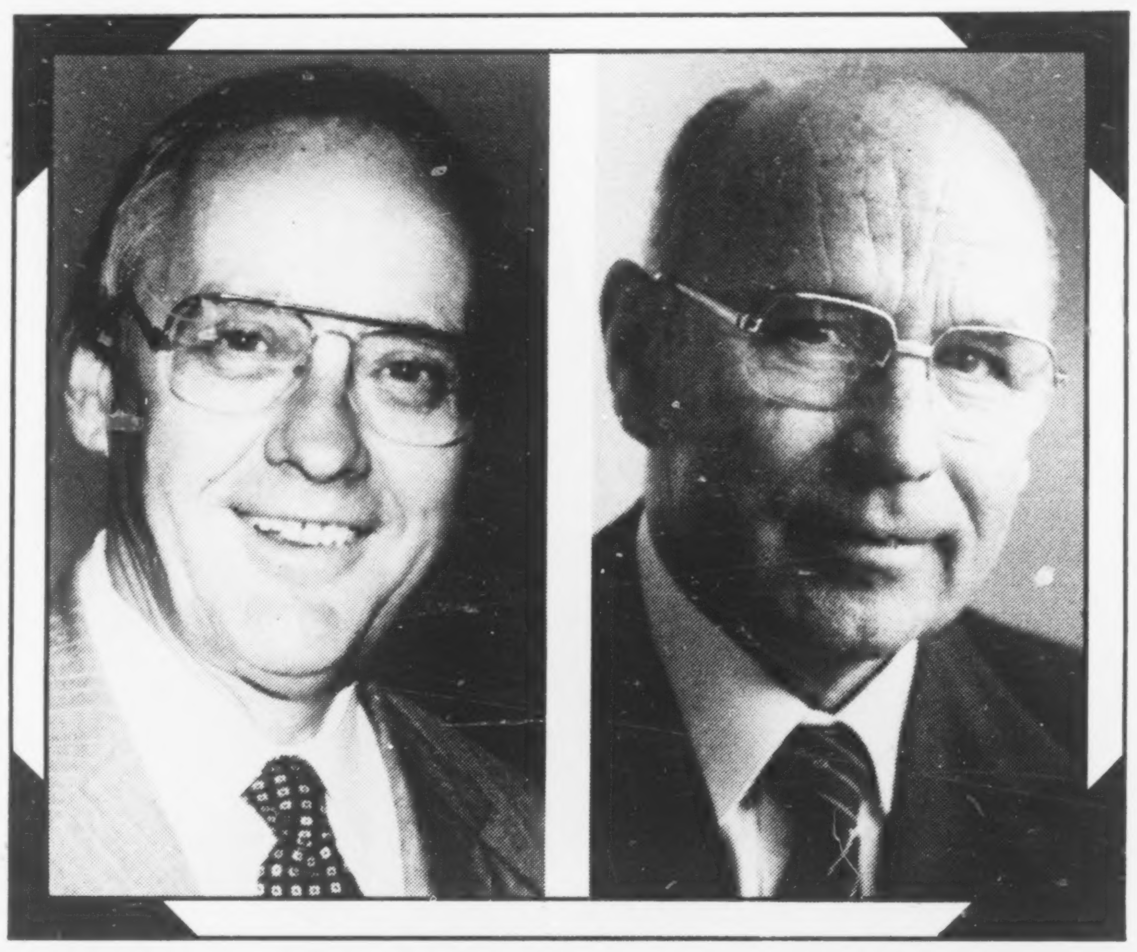
In other merchandise departments the key topics included: paint pad kits were billed as the hottest thing since the paint roller; CBs were fading as were van accessories; high vacation costs were spurring camping equipment sales; chains were relying on the movie Star Wars, Donny and Marie and Charlie's Angel's dolls to boost toy sales; flare-bottom pants were losing ground to straight legs.

1977 Highlights

Industry volume: $47 billion.

Stores: 6,538.

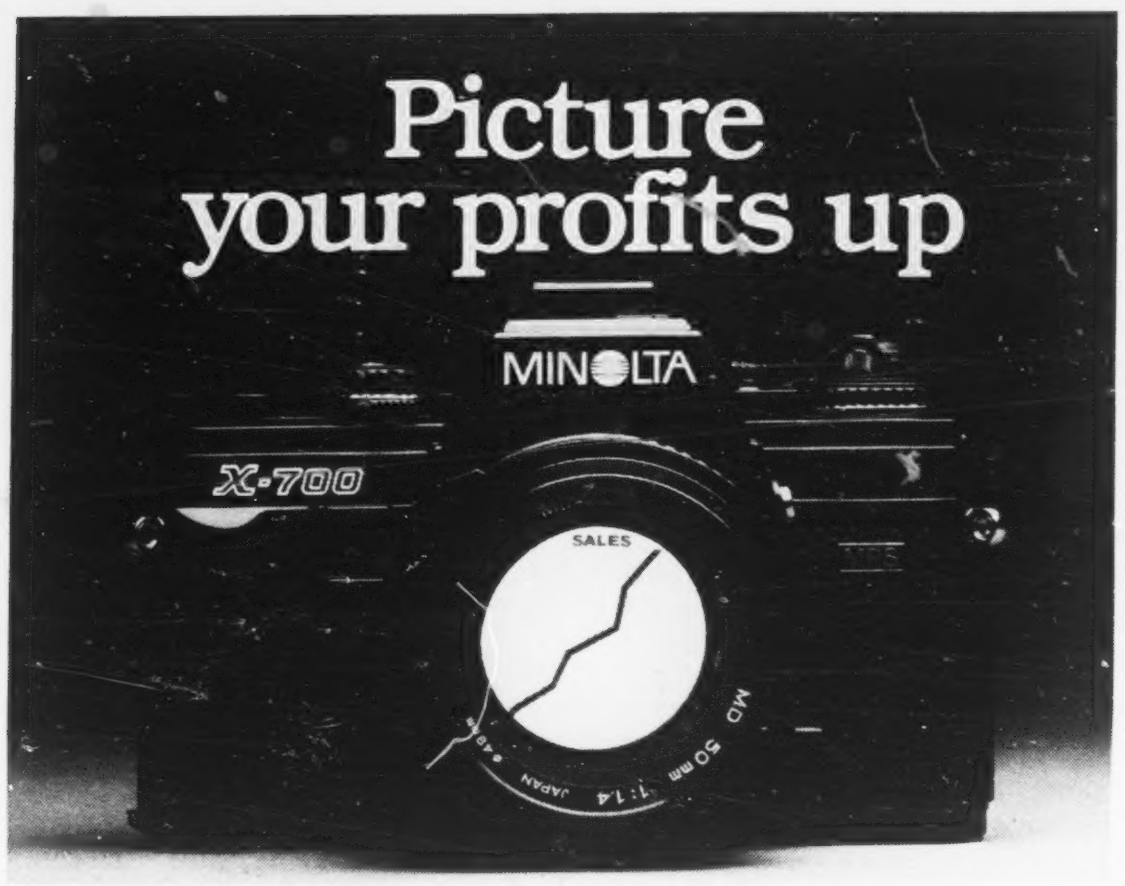
- As Korvettes launches the "other Korvettes" theme, observers wonder if the chain will stay afloat.
- Robert Hall and Robert Hall Village stores are leased, sold or closed.
- Eleven chains choose new presidents within 10 months; lack of top-brass talent is bemoaned.
- Elvis Presley records sell out after his death in August. A recently published book also registers strong sales.
- Star Wars popularity spreads, but its licensed toys won't hit discounters until early 1978.



Hugo Mann (r.), the European hypermarketer, was trying to link his FedMart chain with Two Guys in a merger in 1977. Among other executive newsmakers during the year was Bruce Allbright (l.), who took the helm as Target president.

Top Five: 1977

Chain Rank	$ Volume (millions)	Store Count
1. K mart	9,273	1,366
2. Woolco	2,438	367
3. Gibson	1,496	656
4. Zayre	1,090	255
5. Two Guys	830	82



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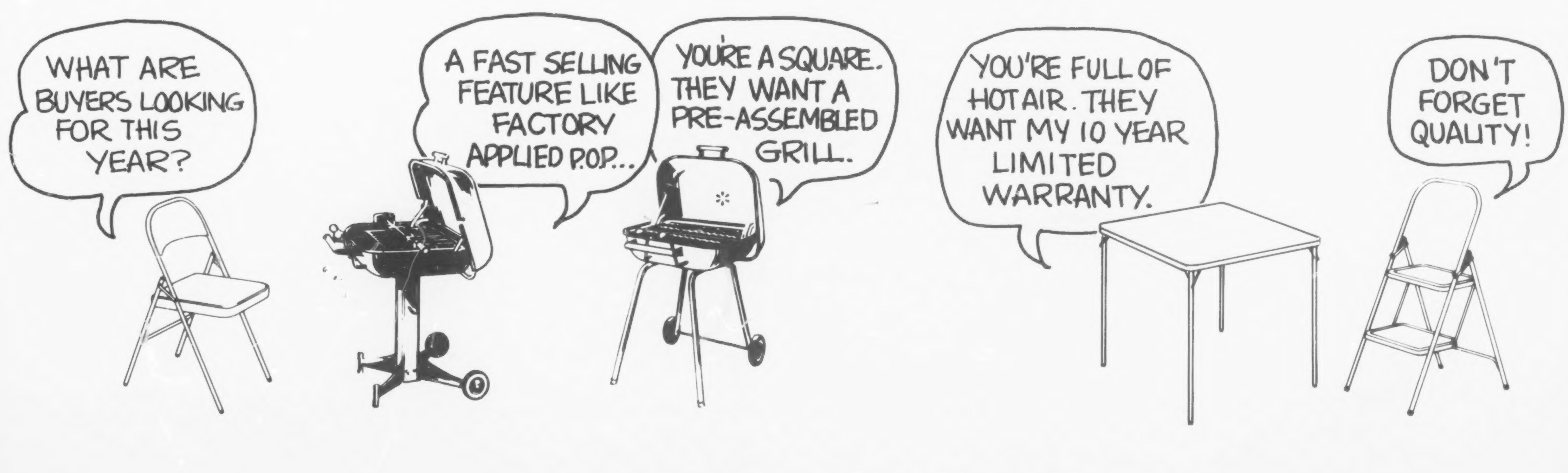
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YOU'RE FULL OF HOT AIR. THEY WANT MY 10 YEAR LIMITED WARRANTY.
DON'T FORGET QUALITY!

With Fred Haddad (r.), chairman of the board, and Russell Isaacs (l.), president, in control, Heck's expected to break the $100 million mark in sales from 44 units in 1975. *(DSN photo)*

Hardware Trends

STILL GROWING AT TWENTY 20 Discount Store News

	1965*	1970	1975	1976	1977	1978	1979	1980	1981	1982	5-year % Change '82 vs. '78	% Change '82 vs. '81
Dept. Size (sq. ft.)	3,250	2,200	3,225	4,400	4,450	3,195	3,210	3,215	3,215	3,210	+ 0.5	+ 1.6
Annual Turns	5.2	2.7	3.5	3.5	3.3	3.1	3.0	2.9	2.8	2.5	− 19.4	+ 10.7
$ Volume per sq. ft.	N.A.	N.A.	82.00	114.00	114.08	122.47	132.91	143.00	149.00	154.00	+ 25.7	+ 3.4
Initial Markup (%)	N.A.	38	40	40	41	39	41	42	41	40	+ 2.6	− 2.4
Gross Margin (%)	31	35	36	35	35	34	36	37	36	34	N.C.	− 5.6
Discount $ Volume (billions)	N.A.	N.A.	N.A.	N.A.	N.A.	2.7	3.1	3.6	3.9	4.1	+ 51.9	+ 5.1
$ Sales per Store (thousands)	N.A.	N.A.	N.A.	N.A.	N.A.	391.2	426.6	461.0	478.0	495.0	+ 26.5	+ 3.6

*N.A.—Not available. N.C.—No change. *—Earliest year for which figures were available. Source: DSN research.*

1976: Ex-Grants Acquired

(Continued from page 65)

to $15, and 13.4% spent $25.01 to $50.

The survey revealed, however, that shoppers were reluctant to buy apparel in discount stores despite chains' heavier emphasis on the category. The survey found 44.6% would not make apparel purchases from the chains.

Undaunted by the news, discounters during the year upped apparel sales to 55.6% of total business.

Chains were encouraged about apparel business in the future as the Federal Trade Commission began an investigation into the allegedly unfair vertical competition and resale price maintenance among manufacturers of women's apparel.

Entries and exits in top management during the year included:

—Oran B. Robertson was named chairman of Fred Meyer, replacing Fred G. Meyer.

—Target president Stephen Pistner was promoted to chairman and ceo, and Ken Macke named president and coo.

—Edward Gibbons rejoined Woolworth as president and director after resigning in 1975 because of illness.

—Al Zasloff was named president and ceo of Two Guy's parent Vornado, replacing Sol Rogoff.

—Thomas F. Rafferty was named chairman of Venture, succeeding John Geisse. Geisse went to Ayr-Way as chairman.

—Gerald Nathanson was named president and ceo of Jefferson Stores, replacing Julius Mufson who was promoted to chairman and ceo.

—Arnold Suval, formerly of W. T. Grant and Zayre, went to Zodys.

—Hans Schoepflin became permanent replacement for Sol Price at FedMart, after having been acting president and ceo.

1975: Costs Cut as Recession Hits

(Continued from page 63)

ry display space in discount sites.

Such a move may have been prompted by an MRI report that indicated that average sales per store had fallen off in each of the last four years. That figure was $3.7 billion in 1969, but dropped to 3.3 billion in 1974.

The report went on to say that bottom-line profitability was the biggest problem facing discounting. An executive said that merchandising proved to be their greatest weakness.

On a brighter note, however, another MRI report predicted that 1976 would be a year of steady expansion, basically through acquisitions. As the economy begins to swing upwards, the report said, the drive will be toward more stores with higher gondolas.

Distribution centers were pinpointed as a growth area—as a method of quality control and to tighten merchandise levels in stores.

Adding It Up

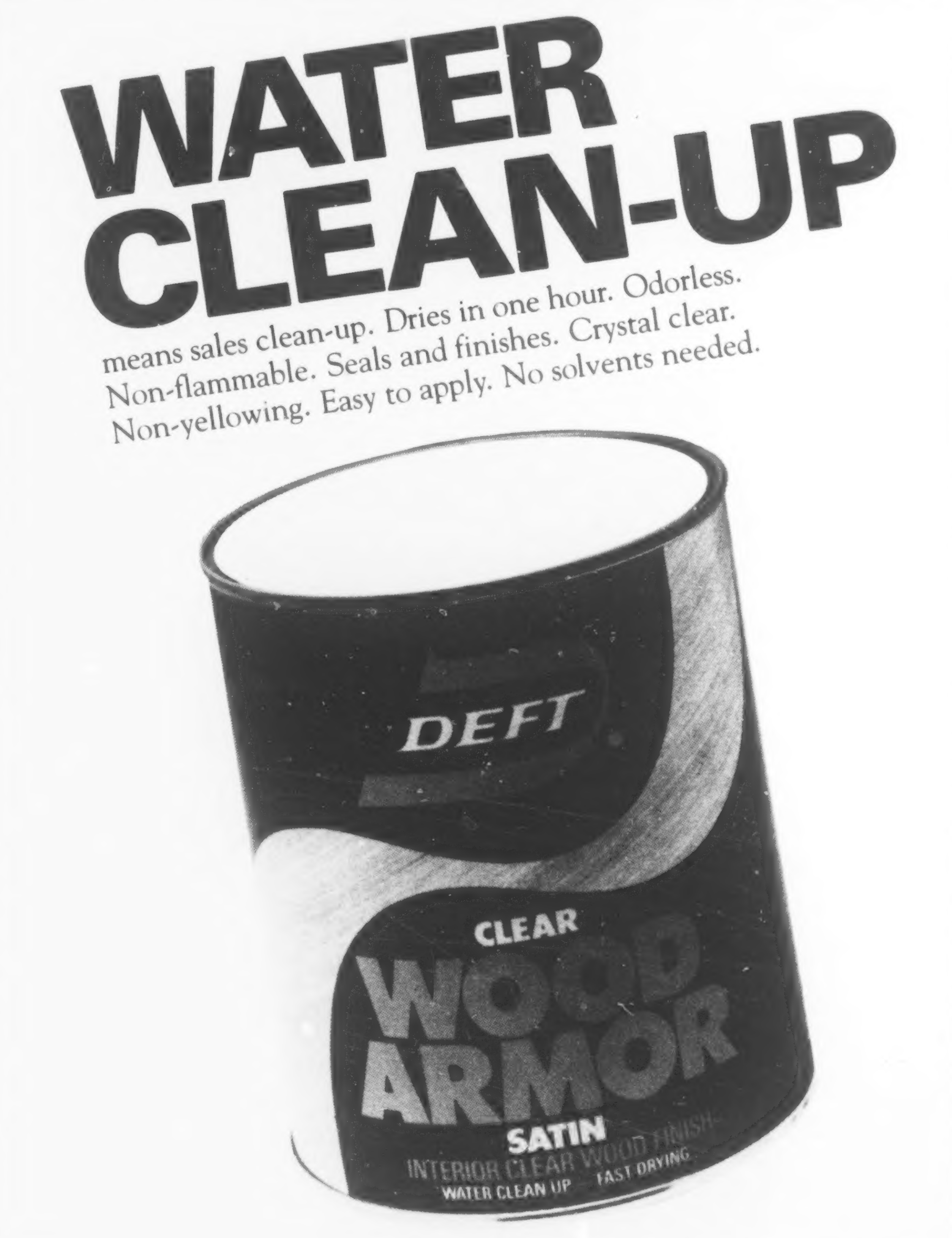
According to reports, discounters were going to be each other's greatest foes—with Sears and Ward nipping at their heels.

More chains began to planogram—to cut sku's, stay in stock, speed turns and keep consistent displays from store to store.

The innovation that was termed "the most futuristic development in the use of computers by industry observers was Fred Meyer's plan to acquire a bank to tie into the company's retail outlets by computers.

The chain hoped for customers to make purchases by transferring funds through POS terminals from their bank accounts to store accounts using a credit card number.

Venture bet that enough customers wanted to fit their frames into Levi's and opened Col. May's Levi Emporium. This store, annexed to a Venture, was based on Levi's policy of allowing stores to carry its goods only if they stayed at manufacturer-suggested retail prices and merchandised goods in a separate building that didn't carry the discount chain logo.



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1978: Discounters Seek to Boost Quality Image

1978 Highlights

Industry volume: $50 billion.
Stores: 6,891.

- Murphy's Mart opens 100th unit.
- Telephones appear at CE show with promise of long-term future.
- Gold Circle adds soft lines to the sporting goods department, and may even add a sneaker section.
- K mart and Woolco take on mopeds.
- Fred Meijer, founder of discount chain, dies.
- Caldor breaks out gourmet housewares.
- Woolco retreats from Atlanta market; will cluster stores.
- Pamida pulls out of Gibson's.
- Magic Mart makes the top 100 chart.

In January of 1978, discounters, feeling confident after strong Christmas sales, knew exactly where they stood.

The resounding chorus from K mart, Zayre, Kuhn's Big K, Howard Brothers and others: "1978 looks good."

An NMRI poll that year showed 96% of American shoppers shopped discount stores but 51% of the respondents added the quality of the merchandise fell short. Consumer demand for quality in hard goods and fashion in soft lines was strong enough to spell tradeup for most chains.

By the close of the first quarter, volume leader K mart announced a massive campaign to emphasize quality over price, especially through its private label lines.

A survey of the Chicago market conducted by *DSN* found K mart the top discount chain with a consumer preference of 68%. But from the standpoint of quality, the chain lost out to Venture in soft lines and Woolco in hard lines.

Further Considerations

Other chains, including T.G. & Y., Venture and Gold Circle, tried to build strong quality images. At the same time, discounters endeavored to boost sales per store, most often with more high-margin soft lines and private label hard goods.

In a survey of hard lines pricing for the previous year Venture and Gold Circle shared the spotlight. Both chains were using sharply priced name brand hard goods to lure shoppers into the store and build traffic for the beefed-up apparel sections. By the end of 1978 the winner at that tack was Bradlees.

Chains also set out to boost profits by cutting out leased departments. The percentage of leased sales to total volume hit a six-year low in 1978 of 7.18%.

Woolco, for one, took over men's and boys' apparel from Rockower Brothers. The chain also took over its paint department that year. Wal-Mart closed 54 leased pharmacy departments and launched its own sections on a chainwide basis—as did K mart.

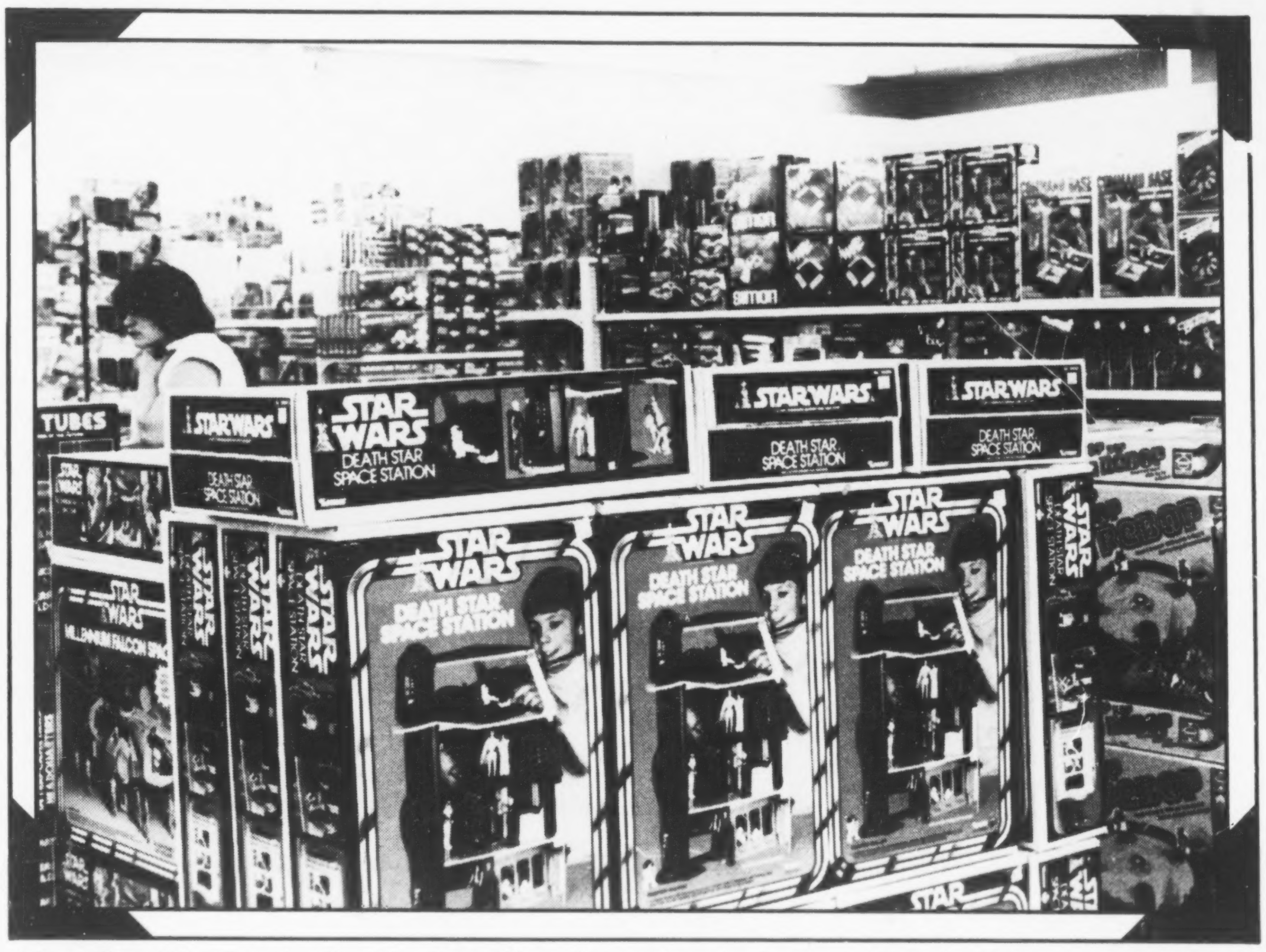
At T.G. & Y., private label showed up in the form of jeans and junior apparel. The chain's new president, James Nugent, had announced a shift in the focus to the full-line discount stores earlier in the year. The plan included a total of 300 additional discount units over five years—82 in 1978. No more variety stores were scheduled that year and 25 of those existing units were to be converted to full-line discounters.

Nugent also discussed joining the NMRI, and emphasiz-

(Continued on page 81)

Top Five: 1978

Chain Rank	$ Volume (millions)	Store Count
1. K mart	9,271	1,535
2. Woolco	2,600	396
3. Gibson	1,430	550
4. Zayre	1,175	253
5. Wal-Mart	880	228



After "Star Wars" took off at the box office discounters had a sure-fire sale of the movie's licensed merchandise in early 1978. Fed-Mart stacked space stations and space ships in its traffic aisle.

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1979: Korvettes Is Taken Over, But TSS Isn't

1979 Highlights

Industry volume: $55 billion.

Stores: 7,266.

- Agache-Willot takes over Korvettes.
- Sam Walton gets Discounter of the Year award.
- T.G. & Y. and Wal-Mart hit $1 billion in sales.
- F. W. Woolworth resists unfriendly takeover bid from Brascan Ltd. of Canada.
- Montgomery Ward announces plans to convert Ward stores to Jefferson/Ward format.
- Target is accused of selling stolen Calvin Klein and Gloria Vanderbilt Jeans.
- King Tut has short-lived influence on jewelry sales.
- Hottest merchandise includes snug sacks.

"This is retailing in the 80's," FedMart president Heinz Gundlach (left) told *DSN* at the unveiling of the chain's hypermarket-style prototype in Houston. Smiling exec vps Bob Quayle and Dave Dolton (right) were at his side.

By 1979, the active look was the fashion craze. In discounting, mergers and acquisitions were the craze.

It was the year Vornado, parent of the teetering Two Guys chain, tried to acquire Times Square Stores. TSS wasn't for sale.

Woolco wasn't for sale either but an unfriendly takeover bid was launched by a Canadian firm, Brascan Ltd. Another Canadian firm launched a similar bid for Brascan and kept it from following through on the Woolco bid. Later on in the year Lowes, yet another Canadian company, set out to boost its 2% interest in Woolco to 15%. That was generally interpreted as the start of a takeover attempt. But, it never materialized. Loews sold most of its interest in the company before the year's end.

Meanwhile, more viable mergers began to shape up. Agache-Willot, a French firm, bought the Korvettes chain. Alain Matthieu was installed as chairman and Nicholas Palihnic was named president. Together the two were to improve the chain's in-stock position, boost turns and return to a price emphasis on soft lines. None of this happened by the end of the year, however.

New Attempts

Ames bought the Big N chain for $38 million and gained 45 upstate New York stores—instant penetration into the Northeast.

The Jefferson discount division of Montgomery Ward tripled its size thanks to a series of acquisitions. The 11-unit chain picked up eight Al-mart/Hunter units, 11 J. M. Fields stores and three Murphy's Marts. Opening two of its own units, the chain grew to 37 stores before October.

Jefferson moved into New York, Pennsylvania and Tennessee. Later on in the year Ward announced plans to convert eight of its Ward stores to the Jefferson format.

Fishers Big Wheel acquired 11 Buckeye Marts in Ohio and five Tempo stores in Michigan from Gamble-Skogmo. Schottenstein's picked up 23 Mason's discount stores from M. N. Fishman. Jamesway took on seven Shoppers City stores in Pennsylvania and New York.

Ladies' apparel remained the leading volume producer with $6.6 billion in sales for the year. Most chains were scurrying to trade up or upscale their look in response to competition from specialty chains, but most ran into a brick wall in getting name brands.

When Target managed to stock up on Calvin Klein and Gloria Vanderbilt jeans for its

(Continued on page 81)

Top Five: 1979

Chain Rank	$ Volume (millions)	Store Count
1. K mart	13,000	1,659
2. Woolco	2,855	420
3. Zayre	1,320	249
4. Wal-Mart	1,200	270
5. T.G. & Y.	1,192	497

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introduces a brand new, personalized gift-wrap line with a hundred different names.

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- Each gift-wrap pack contains 2 sheets, each 20" × 30" (1,200 sq. inches).
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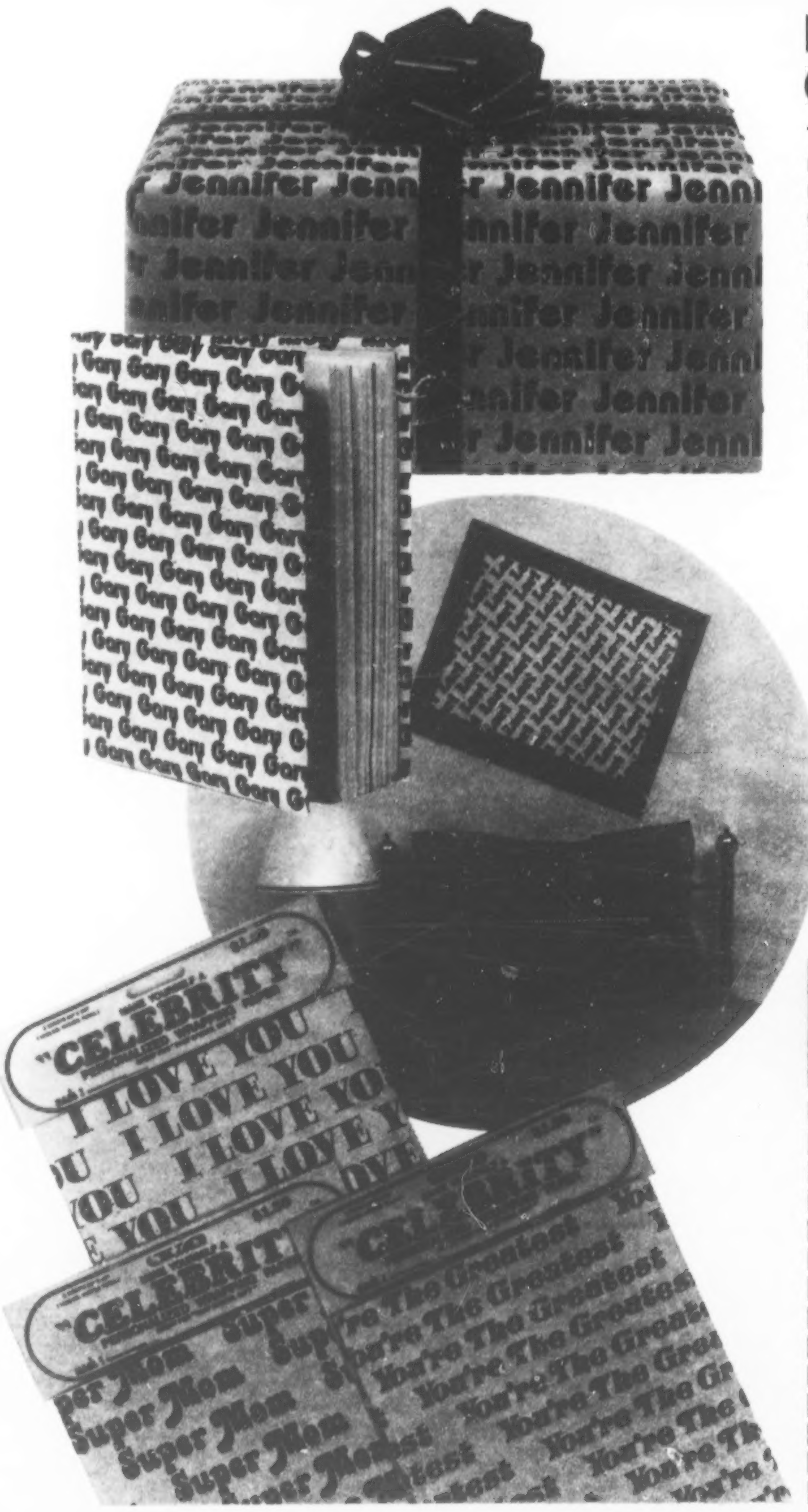
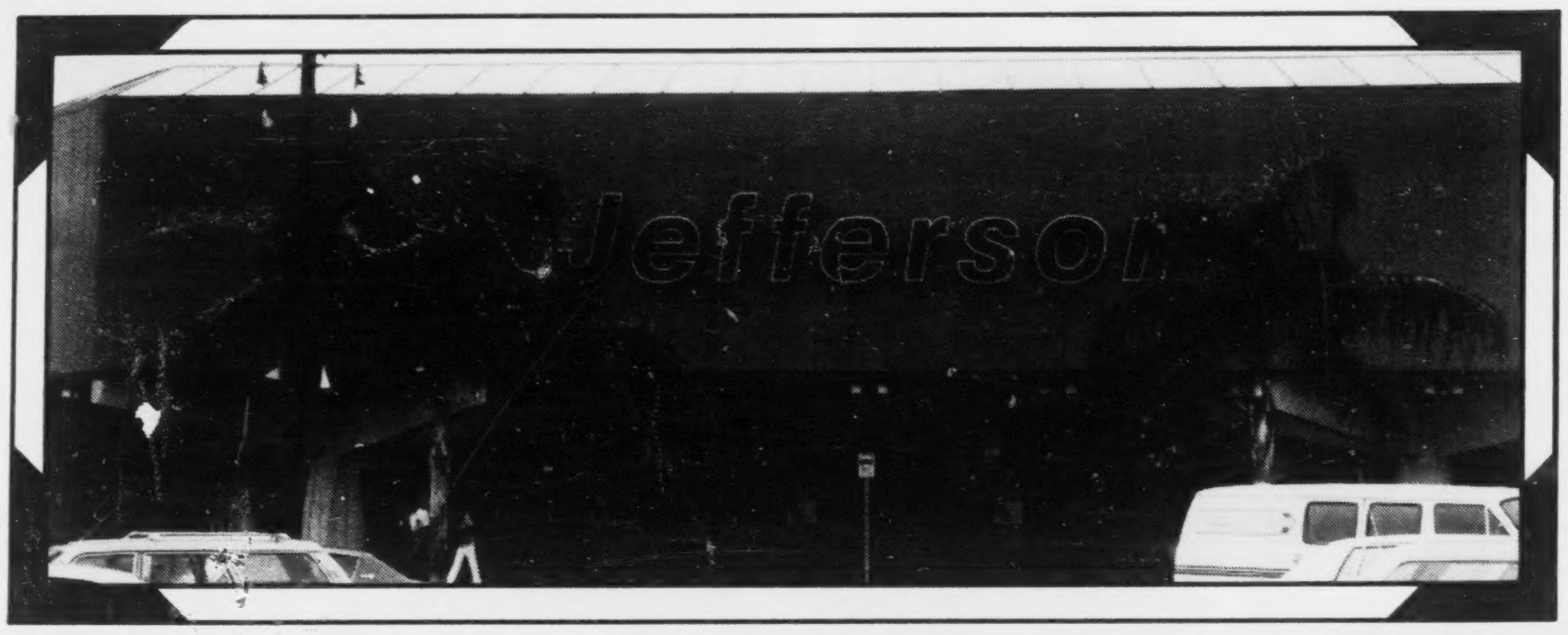


1980: Price Ads Overshadow Image Builders

1980 Highlights

Industry volume: $60.5 billion.
Stores: 7,736.

- Bernard Fauber is named chairman and ceo at K mart; shortly thereafter the chain unveils a new prototype that features a race track aisle and department store fixturing.
- Montgomery Ward steps up the expansion of its Jefferson Stores discount arm, announcing plans to convert 115 Ward stores into a new Jefferson/Ward format.
- T.G. & Y. passes the $1 billion mark.
- James Guinan is named president at Gold Circle.
- Woolworth creates the J. Brannam off-price branded apparel chain.



In 1980 Montgomery Ward decided to place more emphasis on its discount division, Jefferson, than on its conventional mass merchandising arm, announcing plans to convert 115 Ward units to Jefferson formats.
(DSN photo)

It was a year for making decisions.

The voters chose Reagan for President in 1980. Discounters were busy deciding how to stay ahead as the economic mood once again darkened.

With Reagan promising to turn the troubled economy right side up, discounters gave the image-building advertising of the 70's a back seat in favor of hard-core price ads.

Discounters seemed to have taken the mass merchandising lead as consumers continued to hunt out the best bargains. That year Sears surrendered in its price war with K mart—establishing discounters as the retailers with the sharpest price points.

The first year of what *DSN* had labeled the decade of the discounter was marked by a volume grcwth of over 10% to $60.5 billion. Store count grew by 470 to 7,736—a growth 25% greater than the year before.

Overall, discounters had chosen to opeate more of their own departments, as the number of lessees continued to decline. Chains operated pharmacies in 40.8% of the industry's units compared to 35% the year before. TBA centers, dental clinics and optometry centers grew in number. Shoe lessees still did a strong retail business, but most chains were in some stage of establishing their own way to handle the category.

Discounters were also choosing smaller units for new stores with average size down to 70,000 sq. ft. from 100,000 a few years earlier.

K mart's decision of the year, to promote Berhard Fauber to chairman and ceo, marked a new focus on internal efforts to beef up merchandising. Fauber worked his way up through the chain's merchandising ranks. His involvement with the chain's revamping of merchandising techniques was cited at the chain's annual meeting.

Montgomery Ward reached a controversial decision during 1980. The parent company of Jefferson announced a plan to convert 115 Ward units to a discounting format. The Jefferson/Ward concept was born in the company's choice of discounting over conventional mass merchandising. (To date, the stores haven't been converted.)

Federated also decided to step up its commitment to the discounting field as Richway was graduated to become the company's 20th autonomous division.

Mack's variety stores launched a Maxway discounting arm in 1980. The year saw the final decision on the Korvettes chain as the French parent Agache-Willot gave up on its efforts to save the failing chain. The last effort, which finally established some market position for the chain, backfired. "The Other Korvettes" was an effort to build the soft lines image. The campaign had the effect of destroying the hard lines image which had been Korvettes' only strong point in the past.

Adding It Up

As other chains staked out market positions for the new decade, some 150 stores changed hands as the industry's acquisition fever continued.

Oregon-based Payless Drug Northwest won a battle with the Jewel Companies for the 61-unit Payless (Calif.) discount H&BA chain. That acquisition gave Payless Northwest a strip of over 150 units from Hawaii to Oregon.

Target negotiated a takeover of the 41-unit Ayr-Way chain and set out to take over Barkers (60 units) and its sister operation, Franklin Stores. Consolidation of the three chains, all controlled by Cornwall Equities, resulted in the expansion of King's into the Sunbelt states of Texas and Louisiana.

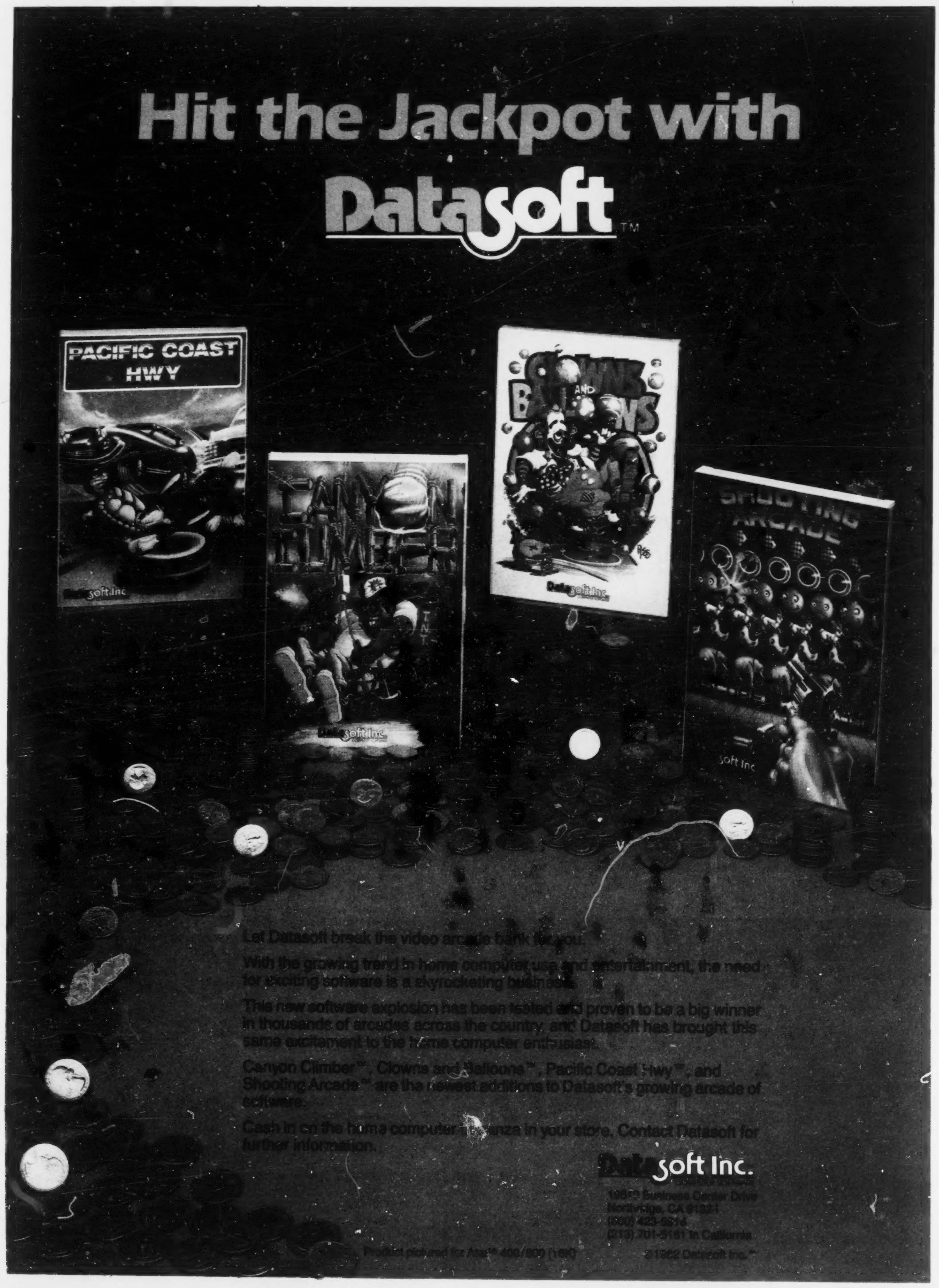
Meanwhile, the Heck's chain added five Mr. Wiggs units to its stall. Chain president Ray O. Darnall was actively looking for a buyer for his interests in the 85-unit chain.

With the discount industry thriving, catalogers moved into the discounter's realm more aggressively than ever. In hard lines, catalogers offered stiff

(Continued on page 82)

Top Five: 1980

Chain Rank	$ Volume (millions)	Store Count
1. K mart	14,859	1,888
2. Woolco	3,205	454
3. T.G. & Y.	1,877	925
4. Wal-Mart	1,600	326
5. Target	1,400	97



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1981: New, Upscale Prototypes Are Developed

1981 Highlights

Industry volume: $66.6 billion.
Stores: 8,164.

- K mart opens its 2,000th store.
- Best becomes the first cataloger to hit $1 billion in sales.
- Glosser Bros. launches Winners off-price apparel stores.
- Sam Solomon showroom chain files Chapter XI.
- Following up on the "Rocky" movies' hype, chains like Jefferson/Ward, T.G. & Y. and Prange-Way add sku's and step up ads on boxing equipment.
- Hills tests gourmet housewares.
- Best adds glass showcases in Montgomeryville, Pa., store.
- Housewares rebates are hot; K mart, Zayre and Gold Circle offer their own versions.

Arlie Lazarus, president (left), and Herb Fisher, chairman, Jamesway, went to Wall Street in December 1981 to speak before a group of Security Analysts interested in the company's stock.

The NMRI called 1981 the turning point of the discount industry.

Discounters had outperformed conventional department stores during the mini-recession of the previous year. By 1981, specialty chains, flea markets, off-price apparel outlets and warehouse clubs were intensifying the competition for the consumer's still shrinking dollar.

For the most part, discount chains spent the year developing new prototypes featuring new adjacencies and upscaled presentations. K mart, Woolco, Hills and Roses were among the chains that spruced up and slipped some higher tickets into departments like apparel.

Strawberry Shortcake was keeping buyers of juvenile apparel, domestics, toys and even housewares smiling as the "strawberry look" took off.

New Moves

In furniture sections, lifestyle furniture with chrome and glass featured some higher tickets, boosting the trade-up trend. In CE high-quality, name-brand home sound systems were popular. Wal-Mart shocked most of the industry by stocking Pioneer systems retailing in the $600-$800 range.

The appeal of designer jeans was still strong at the start of the year. The bootleg jeans business was reportedly contributing some $300 million to the industry. But by September the designer jeans craze was officially dead and many manufacturers were reportedly over-stocked after the back-to-school season.

K mart Apparel ran a huge ad in *Women's Wear Daily* in an effort to pick up more brands of soft lines for its stores.

Industry volume reached $66 billion, and with 428 new stores total count hit 8,164 by year's end. Discounters were seeing their earnings-to-sales ratio slip all year but volume kept growing.

Competition from Sears was stepped-up in response to discounters' strong business. Sears reversed an earlier decision and once again restructured its prices to compete directly with discounters.

(Continued on page 82)

Top Five: 1981

Chain Rank	$ Volume (millions)	Store Count
1. K mart	16,255	2,055
2. Woolco	3,419	497
3. Wal-Mart	2,200	480
4. Target	1,853	151
5. T.G. & Y.	1,675	511

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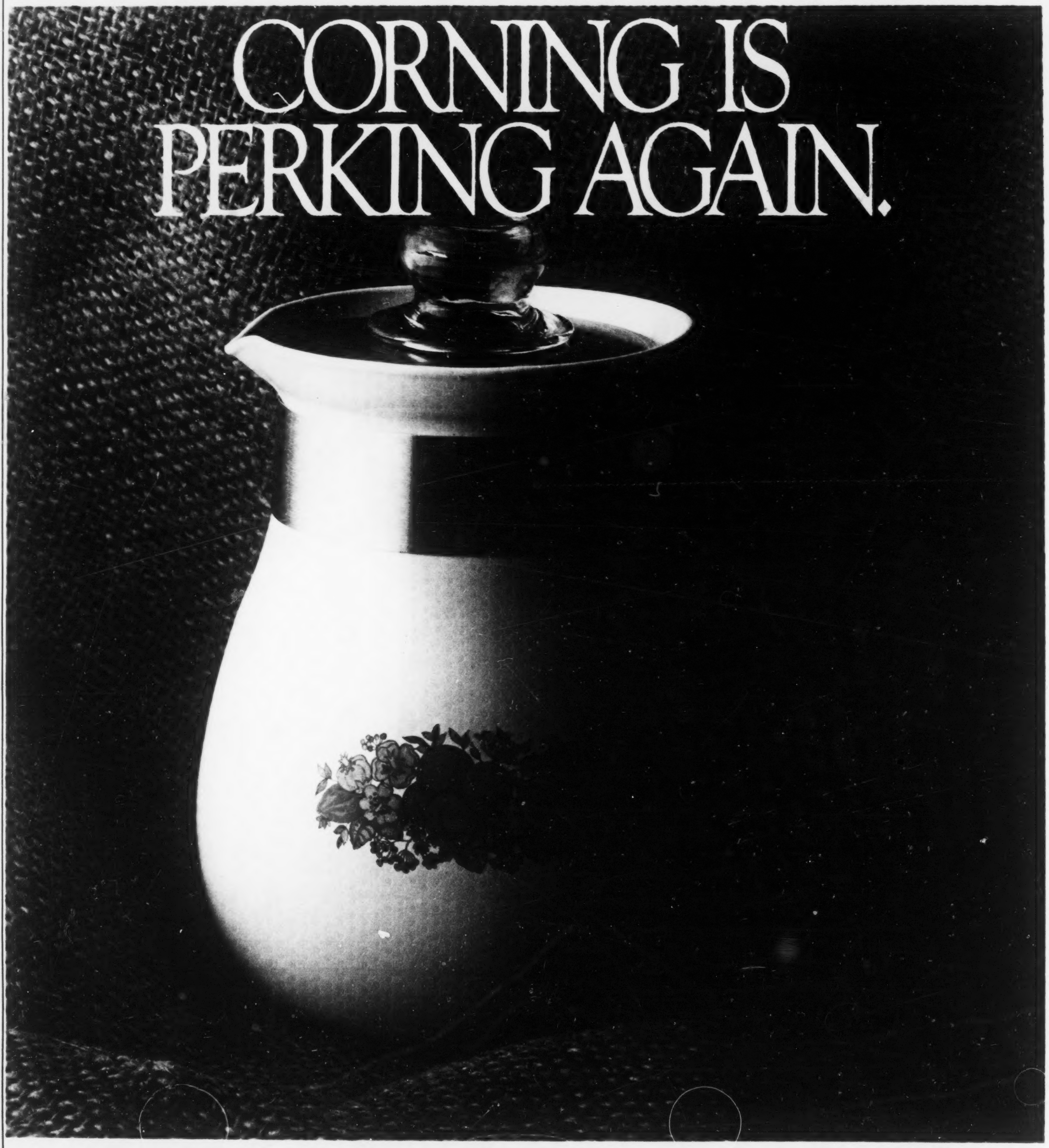

1982: Economy Is Uncertain; Woolco Will Quit

AIM for the best

T.G. & Y. created a new chain in 1982, AIM for the best Stores. *(DSN photos)*

1982 Highlights

Industry volume: $72.6 billion.
Stores: 8,282.

- T.G. & Y. launches its new AIM for the best Stores.
- K mart offers an exclusive Jonathan Logan line.
- FedMart finally calls it quits.
- A flood of licensed products has discounters juggling Smurfs, Pac-Man, and Dukes of Hazzard, as they try to predict which E.T. items to take on and which ones to leave.
- The peso plummets, hurting business this side of the Mexican border.
- Home computers come of age and discounters scramble to plug into the high-ticket category.

This year was dominated by uncertainty and laced with a few surprises.

Of course the biggest surprise was F. W. Woolworth's decision to shutter the 336-store Woolco chain. After 20 years in operation, Woolco was ranked fourth among discounters by volume.

Slow consumer spending was no surprise, and retailers remain uncertain as to when Reaganomics will actually turn the tide and to what degree.

The FTC's controversial stance in favor of resale price maintenance has discounters fuming and wondering just how far manufacturers will be allowed to go in imposing distributional restraints.

Still, discounters are projecting a sales gain of 9% industrywide to $72.6 billion in a year when new store openings hit a record low.

The '82 numbers also show that the bigger chains are getting stronger with over 47% of the industry volume generated by the top 10 chains.

At Wal-Mart, for example, volume zoomed ahead 49% in the last completed fiscal year with the acquisition of the 106-unit Big K chain. By the end of this year the chain will hit $3.5 billion in sales—an increase of 40%.

Sales Estimated

K mart will pass the $18 billion mark this year following a strategy of slowed expansion and tightened controls.

This year the FedMart chain, May's Family Centers and Twin Fair called it quits. Others such as Howard Brothers, King's, and J. W. Mays filed Chapter XI. Total chain count slipped slightly to 259.

T.G. & Y. made the headlines this year with the launching of the AIM for the best chain. The company will shift its focus to the upscale units for the future.

Upscale discounter Caldor is paced to hit the $1 billion sales mark next year with an '82 projection of over $800 million.

While larger chains kept moving ahead, chain execs did some moving around, too.

Harold Smith led the parade of surprising shifts with his move to the now-failed Woolco chain as president. Smith had been Magic Mart's vp/gmm.

Peter Hollis was next. He vacated the vp/gmm slot at Zayre to fill the post of executive vp at Fishers Big Wheel. Another Zayre exec, Joseph Muriana, who headed store operations, packed up to join the Woolco chain this summer.

Meanwhile, Jack Edwards left the Ames chain to fill the

(Continued on page 85)

Top Five: 1982

Chain Rank	$ Volume (millions)	Store Count
1. K mart	18,435	2,125
2. Wal-Mart	3,500	555
3. Target	2,398	167
4. Woolco	2,257	329
5. Gemco	1,922	92

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1979: Korvettes Acquired

(Continued from page 71)

back-to-school promotional period, manufacturers went a step further than just calling foul. They accused the chain of peddling stolen merchandise. Target's price of $19.99 for jeans sold in other stores for $35 may have added to the ruckus, which led to an F.B.I. investigation clearing the chain.

Zayre and Caldor altered their apparel mix, while Ames, Nichols and Magic Mart spruced up their presentations but held down tickets. Prices at Target, Venture and Bradlees, which positioned themselves as upscale, edged up. Even the floundering Korvettes had apparel tickets rise 23% over one year.

Caldor revealed its new approach to apparel with the opening of a Middletown, N.Y., store in the summer. Dollar and unit investment were stepped up and a ladies' half-size section was broken out.

Another reaction to the success of apparel chains came in the form of Woolworth's J. Brannam apparel outlets launched in the Dallas and Oklahoma City markets.

On the other end of the discounting spectrum, the one-stop shopping approach was taken a step further when Fed-Mart rolled out its Houston ex-Globe units' based on the European hypermarket format. "This is the store of the 80's," president Heinz Gundlach told *DSN*. Though the chain had reported a loss of $13.8 million on sales of $580 million for the year, due in part to remodeling costs, Gundlach predicted a turnaround after the first quarter of '80. Sales per square foot were expected to reach $200.

For full-line discounters the fashion trend had reached the domestics departments, as chains such as Caldor reported trouble getting designer sheets and towels. "The mills are willing to sell us their upstairs line only under private label," the buyer said.

Sales Up

Bradlees won the mass-with-class award for the trend-setter of the 70's in an end-of-the-year *DSN* special report. Ladies' apparel volume was ahead 15% to 20% in upscaled remodeled stores.

Bradlees had proven that upscaling pays with profits zooming ahead. Although men's business was flat industrywide, the chain was recording sales 11% ahead in stores where refixturing and Plexiglas shirt cases were used. Overall, sales in remodeled units gained by 20%.

Bradlees also reflected a trend toward technology; POS systems were put in 66 stores with the chainwide conversion to be completed in 1980. K mart put POS in over 200 stores in 1979 and Zayre and FedMart also started chainwide conversions.

To boost profits chains continued to cut out leased departments and add specialty sections like TBA. K mart bought out its shoe department lessee, the Canadian SCOA Co.

K mart also ran a two-month test on U-pak supermarket box store adjacent to its Pontiac, Mich., store.

New Personnel

Executive changes in 1979 included:

- John Arnold, Woolworth Corp. vp merchandising, retired. John Long stepped in as senior vp of personnel. John Lynn became president of Woolworth/Woolco worldwide and John Sullivan became president of the U.S. Division.
- Joe Nusim, who left Jamesway as vp of hard lines, returned after a year at J. M. Fields as senior vp merchandise manager.
- Kenneth Brownell Clover's gm, died.
- Heck's named Ray Darnall president.
- Walter Teninga pulled out of K mart as vice chairman and chief financial officer
- John Lundegard, Venture president, was named president and ceo at Gibson.
- Leon Mesnik was promoted to president at Barkers and Jack Edwards left the chain for a senior vp, gmm, position at Ames.
- Bernard Fauber was named ceo and chairman at K mart.
- Ira Kaplan, president and ceo of Mr. Wiggs, moved to Cook United as president.

Ladies' Wear Trends

STILL GROWING AT TWENTY 20 Discount Store News

	1962	1970	1975	1976	1977	1978	1979	1980	1981	1982	5-year % Change '78 vs. '81	% Change '82 vs. '81
Dept. Size (sq. ft.)	N.A.	12,000	10,800	10,930	9,850	9,878	9,950	9,400	9,900	10,000	+ 1.2	+ 1.0
Annual Turns	N.A.	4.3	5.1	5.3	5.0	5.2	5.3	5.6	5.8	5.9	+13.5	+ 1.7
$ Volume per sq. ft.	N.A.	N.A.	75.00	79.00	82.78	84.55	91.75	103.00	112.00	142.00	+69.9	+26.8
Initial Markup (%)	N.A.	38	41	42	43	43	43	44	44	46	+ 7.0	+ 4.5
Gross Margin (%)	N.A.	33	34	36	36	36	36	36	36	36	N.C.	N.C.
Discount $ Volume (billions)	N.A.	N.A.	N.A.	N.A.	N.A.	5.8	6.6	7.9	9.1	11.8	+103.4	+29.7
$ Sales per Store (thousands)	N.A.	N.A.	N.A.	N.A.	N.A.	835	913	1,024	1,115	1,424	+70.5	+27.7

N.A.—Not available. N.C.—No change. Source: DSN research.

1978

(Continued from page 69)

ing wearables more in the discount stores, as well as DIY and home improvement.

DIY sparks were really flying in '78 as soaring inflation and energy costs led a burgeoning number of consumers into discount stores for home improvement purchases. The industry added some 200 DIY departments that year—123 of them in K mart stores.

Inflation and the rising cost of money also spelled acquisition fever for the industry as the last of the W. T. Grant units disappeared from the market. Mergers and takeovers changed the ranking of many discount chains.

Obtaining 10 of the defunct Globe stores and two of Two Guys' West Coast stores, Fed-Mart hit the No. 6 slot from No. 10 the year before. Left with 60 East Coast stores, Two Guys slipped from No. 5 to No. 10.

Kuhn's Big K took over the Edwards chain, becoming No. 24. King's acquisition of the Mammoth Mart chain brought it to No. 11.

Key Changes

Venture bought the Chicago-based Turn-Style chain and moved from No. 19 to No. 13. When Belscot picked up the Majors/Merit chain it became No. 15 after ranking 65th the year before.

Wal-Mart, which added some 33 units in '78, reached the top five. Volume leader K mart accounted for a third of the projected openings with 180 more stores slated for '79.

With the unveiling of three ex-Big N stores, Murphy's Mart opened its 100th unit.

By the close of the year discounters were facing challenges from all sides of retailing. Specialty apparel chains such as Marshalls and Hit or Miss were picking up steam across the country, offering brands at discounted prices.

The catalog showroom segment was also growing in strength; Service Merchandise became the largest in units with the takeover of 20 Value Merchandise showrooms. Combined volume for the two topped $447 million—$353 million from Service. Best remained the top volume producer, however.

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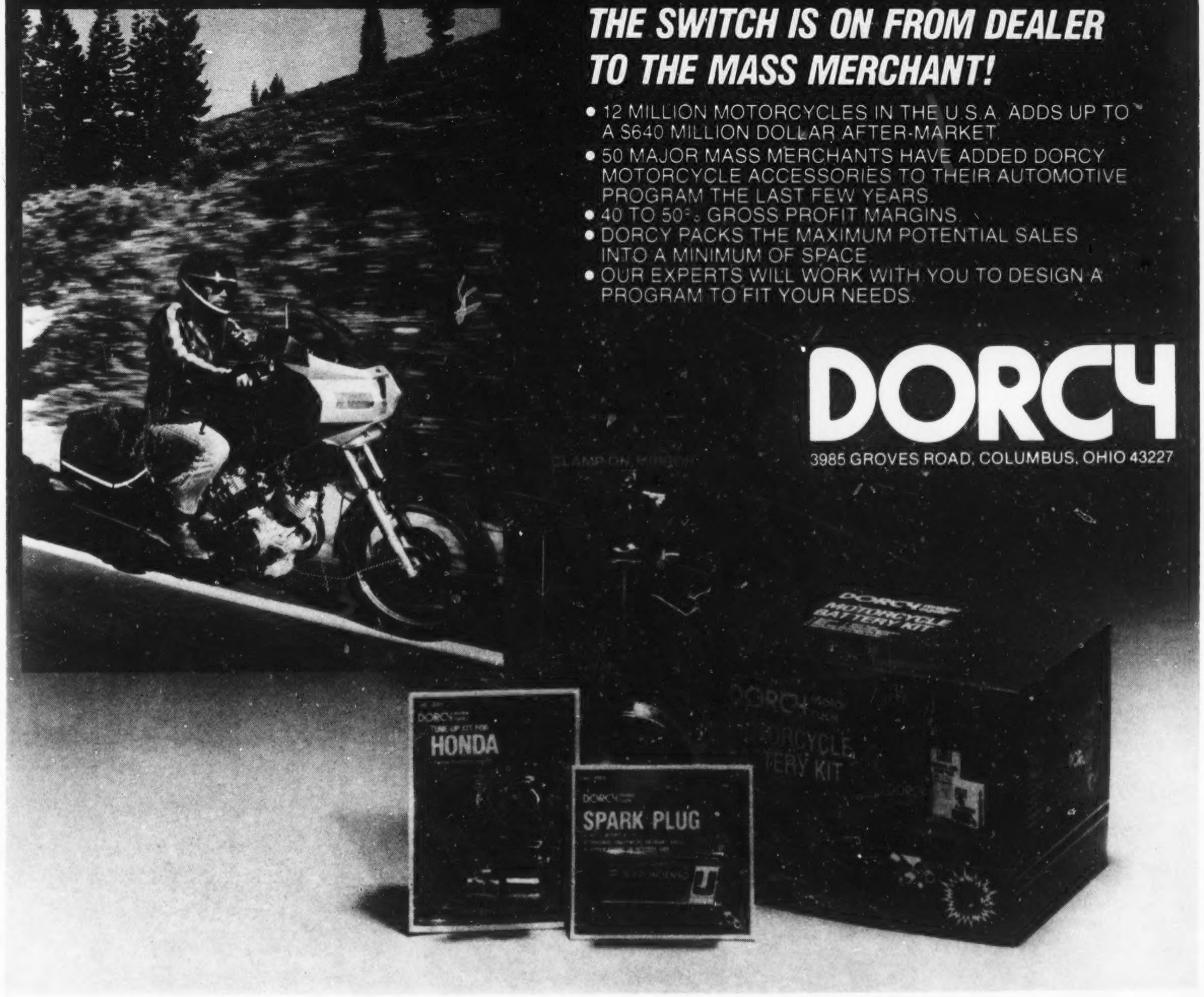

STILL GROWING AT TWENTY 20 Discount Store News

Men's, Boys' Wear Trends

	1962	1970	1975	1976	1977	1978	1979	1980	1981	1982	5-year % Change '82 vs. '78	% Change '82 vs. '81
Dept. Size (sq. ft.)	N.A.	8,800	7,800	7,840	7,500	7,512	7,525	9,900	9,900	7,600	+ 1.2	−23.2
Annual Turns	N.A.	3.8	4.1	4.4	4.1	3.6	3.6	5.6	5.8	4.0	+11.1	−31.0
$ Volume per sq. ft.	N.A.	N.A.	80.00	87.00	75.89	77.61	80.85	103.00	112.00	105.00	+35.3	− 6.3
Initial Markup (%)	N.A.	36	39	41	41	41	44	44	44	41	N.C.	− 6.8
Gross Margin (%)	N.A.	34	34	35	35	35	35	36	36	35	N.C.	12.8
Discount $ Volume (billions)	N.A.	N.A.	N.A.	N.A.	N.A.	4.0	4.4	5.3	6.1	6.6	+65.0	+ 8.2
$ Sales per Store (thousands)	N.A.	N.A.	N.A.	N.A.	N.A.	583	608	682	747	797	+36.7	+ 6.7

N.A.—Not available. N.C.—No change. Source: DSN research.

1980: Image-Building Ads Take a Back Seat

(Continued from page 72)

competition with sharp price points. For the most part, discounters were able to keep their prices competitive and stock a wider choice of goods.

Showroom chains like Sam Solomon stepped up their appeal to customers by adding leased ladies' apparel sections in five of its 13 stores in the Florida market. Best later added a selection of toys to its showrooms.

Discounters were successful in building their traffic with the addition or expansion of consumables and H&BA.

Ladies' apparel continued to lead the merchandise categories in volume. Fashion trends that had led to the high volume reached men's wear as the western look brought a more contemporary look to the department.

In CE and photo sections trade-up trends hit with the growing popularity of 35mm cameras and a need to squeeze more dollars out of every square foot. Carpets appeared in the photo and CE sections of chain like T.G. & Y.

The sales of 35mm cameras were so strong during the year that ALCO buyer Richard Milner wrote his own manual for salespeople of the chain's camera sections. Other hot merchandise categories included DIY with weatherstripping, insulation and pipe wraps moving fast. In personal care, curling wands took off and in apparel twill jeans in painter's pant variations and overalls picked up.

Out West, discounting variations such as The Price Club and FedMart were battling in the same market. On one hand, The Price Club reported sales of over $50 million. FedMart still failed to report a profit with its hypermarket approach. Nonfood sales at FedMart had dropped; the German operator's unfamiliarity with the competition in the American marketplace was said to be a factor.

American discounters had an opportunity to see the original European hypermarket in action as the NMRI organized a 10-day European hypermarket tour that year.

1981: Prototypes Are Born

(Continued from page 77)

The fact of the industry was still being altered through acquisitions and mergers, although *DSN* reported that proxy battles would soon replace tender bids as the most popular method of taking over chains.

The biggest—and most astute—deal of the year was Wal-Mart's purchase of the Kuhn's Big K chain. At first the bid was withdrawn by Wal-Mart, but a few months later the chain bought six Big K stores. By fall the remaining 104 Big K stores were on the auction block and Wal-Mart bought most of them for only $100 million. (The stores were predicted to be worth some $500 million in sales to Wal-Mart.)

Cook United filled in its Ohio clusters by picking up the Rink's chain.

Target's purchase of Ayr-Way and King's purchase of the Barkers chain, both announced in 1980, materialized and two respected names in the industry were gobbled up.

Associated Dry Goods, operators of conventional stores including Lord & Taylor, Robinson's of California and Stewart's of Baltimore, picked up the upscale discount chain Caldor.

Fred Meyer was acquired by the New York investment firm KK&R after a year-long courtship, which included three separate proposals.

More Stores

Mays Family Centers picked up 11 Community Family Centers. The Meijer chain grew when it added 14 Twin Fair stores—13 of which were located in Ohio.

While some chains like the Treasury and Tradeway didn't survive the year, others closed units to stay afloat.

J C. Penney, Treasury's parent company, decided to give up on its discount division after failing to arm the chain with a recognizable market position in almost 10 years of operation.

Tradeway was forced to file Chapter XI for the second time. Four of its six units were bought by Danners and a fifth was sold to the Heck's chain.

The floundering FedMart chain first went private to fight off union problems. Later in the year the chain sold off 12 stores and two Texas warehouses to stay in business. The Gold Circle chain sold its seven northern California units to Zodys.

Gibson's closed the last nine of its company-owned discount stores to focus on its wholesale and franchise operations. Sandra Corp., which owned over 40 of the Gibson franchises, was squeezed by strong competition from K mart, Wal-Mart and T.G. & Y. Four of its 41 units were converted to Handy Hammer home centers.

The year saw the end of the Two Guys chain. The chain, which had been wrenched from the controlling hands of Vornado in a proxy fight during the 70's, entered the final stages of a shift to real estate operation by early November.

The year also marked the restructuring of Jefferson/Ward under new president Steven Pistner. The Dayton Hudson veteran pulled execs from Dayton Hudson, Zayre and Bradlees.

David Kenny, president of Jefferson/Ward, resigned in 1981 after new Montgomery/Ward president Stephan Pistner put a halt to the discount chain's expansion plans which Kenney had helped engineer.

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1967: Acquisition Fever Hot

(Continued from page 33)

sion, Treasure Island, outside its Wisconsin boundaries. The five-unit chain sighted Atlanta for the first new territorial gain.

Zayre, with a stronghold in Atlanta, was concentrating on Florida expansion. The chain, looking to pass the 100-unit mark with the addition of Shopper's City, Minneapolis, appointed its first regional manager in 1967.

Extending trading area was a priority with Caldor as well. The chain, ranked 37th with $81 million in sales, opened its 13th store, a 100,000-sq.-ft. unit, in Framingham, Mass., expanding in the eastern corridor.

Bradlees eyed New Jersey turf for its expansion plans in 1967. The chain of 46 units, producing $145 million in sales, opened a regional office in the state to oversee its then seven units.

Bradlees also decided to abandon its Family Circle name in New Jersey on all new stores and began considering eliminating the nameplate on old ones.

In other name changes, Bargain Barn switched its name to Goldman's.

Woolco didn't change its name, but it fooled around with the logo presentation. The 72-unit division of F. W. Woolworth adopted script lettering, opposed to the former straight-lettered nameplate. Opening 20 new stores during the year, Woolco envisioned boosting sales to $330 million, up from $220 million.

New Appointment

In management moves during the year, new powers came to be and others began their ascent. Harry B. Cunningham, Kresge president, took on the title of chairman; Leo Cohen left Korvettes to join 11th-ranked J. M. Fields as vp and gmm; John Geisse was promoted to senior vp, gmm, at Target; Zayre named Arnold Suval merchandise manager of lingerie, sleepwear and robes, and Edwin Moore assumed power as president of the Tempo division when given independence at Gamble-Skogmo.

Interstate began consolidating the management staffs at Topps and White Front, initially moving them under one roof.

The roof wasn't all that was damaged in the fire at McCormick Place, Chicago, during the National Housewares Show. The January fire totaled the center, causing an over-$100-million loss and displaced the NHMA exhibit as well as other trade shows.

Racial tension and rioting in Atlanta and elsewhere affected discounters, causing lost business.

Discounters also made news, fighting fiercely against Sunday Blue Laws in states from Texas to New York. One company, J. W. Mays, called attention to Middle East problems, halting the purchase of goods from all countries opposing Israel, listing Arab offenders.

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1982: Woolco to Drop Out

(Continued from page 78)

newly created post of executive vp at Henderson, N.C.-based Roses.

Other names in the news this year included Jonathan Logan, Pac-Man and E.T.

K mart brought Jonathan Logan, the apparel name from the past, into its store to add a private-but-status appeal to apparel. Backed with $1 million in advertising, the line hit 400 units by back-to-school.

New names in licensing such as Pac-Man and Annie kept buyers juggling products featuring the faces of movie and TV characters.

When Pac-Man video cartridges hit the shelves this spring followed closely by T-shirts, hats, and even snack trays bearing the one-eyed yellow dot, discounters bought in volume but predicted a short life for the monster muncher. Sales did fall off in six months but with a new TV show buyers expect sales to gain again.

By summer the movie "E.T." became an overnight blockbuster. Buyers started clearing out Holly Hobbie, Disney, and even Dukes of Hazzard to make more room for the ugliest creature ever to visit our planet. Still, buyers expect E.T. sales to slacken after Christmas. Most have strongest faith in the Smurf characters because of the Saturday morning cartoon show.

CE blossomed into a profitable but tricky business.

Although personal computer sales are expected to hit $35 million in just three years, the threat of future obsolescence challenges today's buyers.

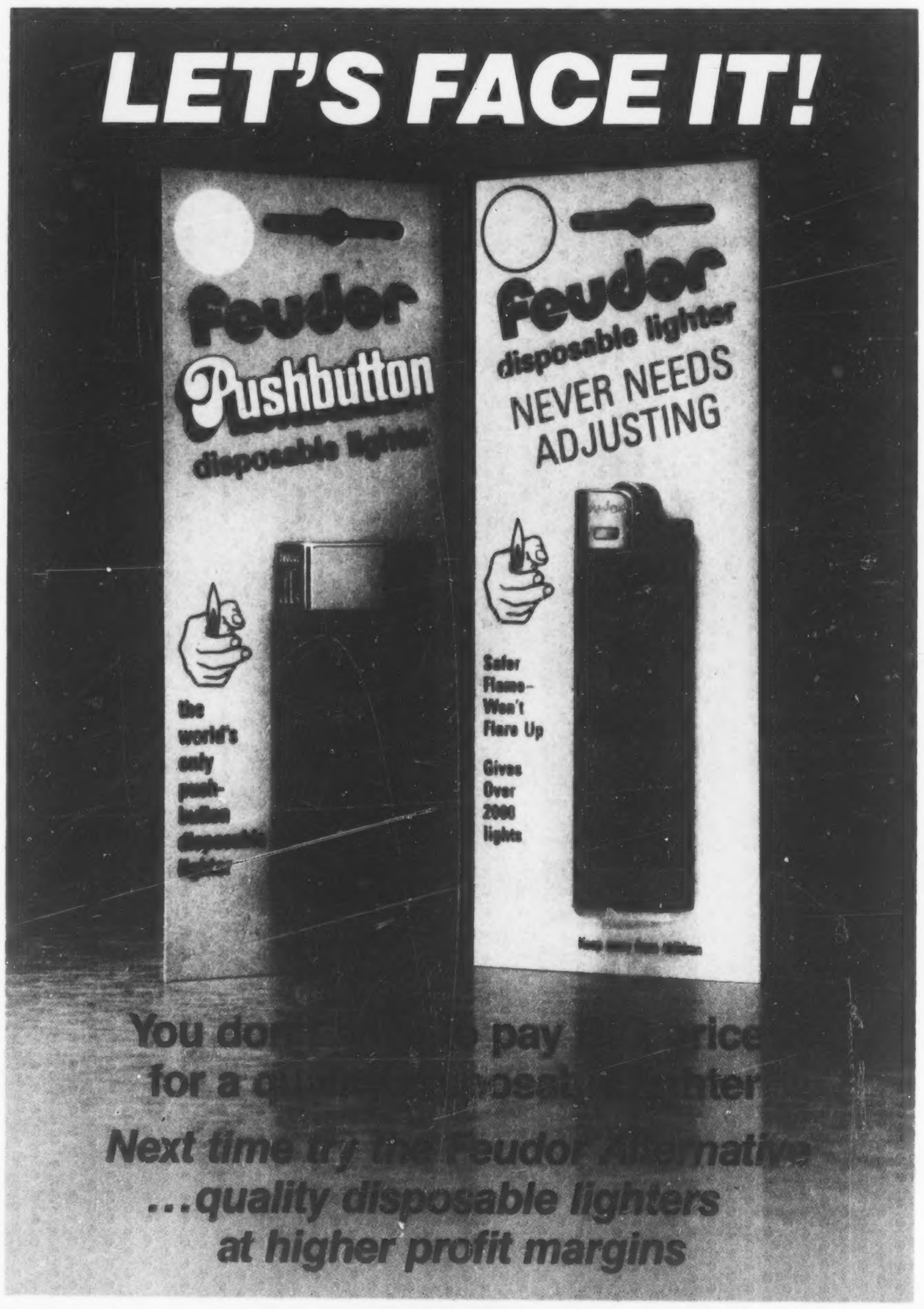
1963: Blue Laws in News

(Continued from page 23)

- FedMart opened one new store and four franchised outlets by midsummer, and was holding talks for a new store in San Antonio, Tex.
- Giant Tiger opened two stores during the year and boosted its count to 17.
- Miracle Mart opened two stores for a total of 25 and had another one tentatively on the drawing board for 1964.
- S. Klein, the New York City-based discounter, opened three stores in 1963, bringing its total to nine, and planned to open two more in 1964.
- Yankee Stores closed 1963 with 16 stores, two more than a year ago, but the change was bigger than that: "We closed four 10,000-sq.-ft. stores and opened six 30,000-60,000-sq.-ft. outlets, a company spokesman said.

Arlans celebrated its 15th year in business by opening its 44th store, in its hometown of Bedford, Mass. The store, the fifth opened during the year, replaced the company's original unit.

The company also announced plans to open eight stores in 1964, although five of the eight would be units originally scheduled to open during '63. All of the stores were 60,000-80,000 sq. ft.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Max Coffman, head man at Mammoth Mart, paused long enough to shake hands with a stewardess on the runway at Boston's Logan airport, then was off, with an entourage of chain executives in tow.

1966:Korvettes Weds

(Continued from page 32)

giving soft goods greater emphasis in a third of total store selling space. It was spreading the "Tiffany-type" decor it had instituted a year earlier: crystal chandeliers, smoke-mirrored walls and carpets in fashion.

A *DSN* survey of 429 stores found other trends in decor included more flexible fixtures; dropped height for greater visibility; upgraded materials and color, and shrinking shelf depth and gondola size. Chains were also using more recessed lighting, high-fashion mannequins and raised-letter departmental signing.

Giant Tiger, Diana Stores and Korvettes were among those replacing grab tables with racks. King's and Arlans followed Korvettes and tried vertical merchandise displays, although horizontal displays remained dominant in the industry.

In product merchandising, a Giant Tiger buyer spoke of trading up customers. He said the Cleveland-based chain found it was as easy in 1966 to sell a 29¢ tumbler as it had been to sell a 5¢ one five years ago. A $28.99 Flintware roaster that the chain hesitated on three years earlier had become a lively item. Bigger tickets were responsible for the chain's 20% housewares sales growth, he added.

Health and beauty aids also moved to the forefront of focus. Zayre and King's typified the mood of the industry as both moved to oust their H&BA lessees. Discounters were also moving to assume control of other leased departments such as photo and auto.

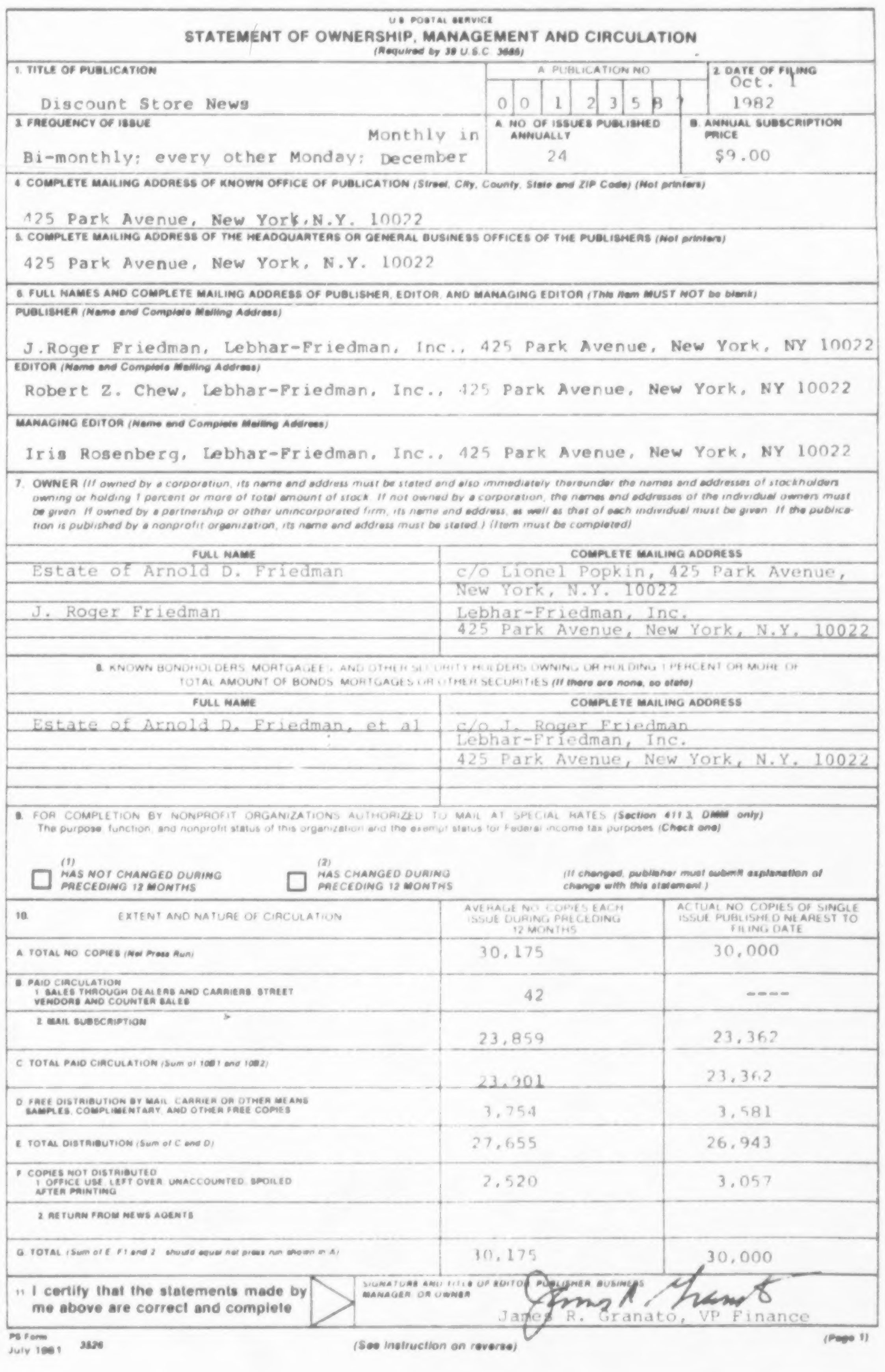
Automotive service centers were billed as the coming thing as more chains instituted sections or expanded them. The grocery department was being touted by many such as Gibson's, which announced it would install 12,000-sq.-ft. to 15,000-sq.-ft. full-line grocery sections in 30 stores after a successful test.

More Winners

On the fad scene, buyers were faced with the emergence of Batman (after the successful comic book/TV character) paraphernalia and pop culture paper dresses.

Toilet goods buyers, like one at Mason's, were predicting that glass packaging was going by the wayside in shampoo and rinses and that clear plastic would reign in the category within three years.

Tape recorders, once classed as a toy, were turning into a big-ticket business. Two Guys reported doing well in $50-$100 mono units and $200 stereo models, although $10-$15 units did the bulk business.



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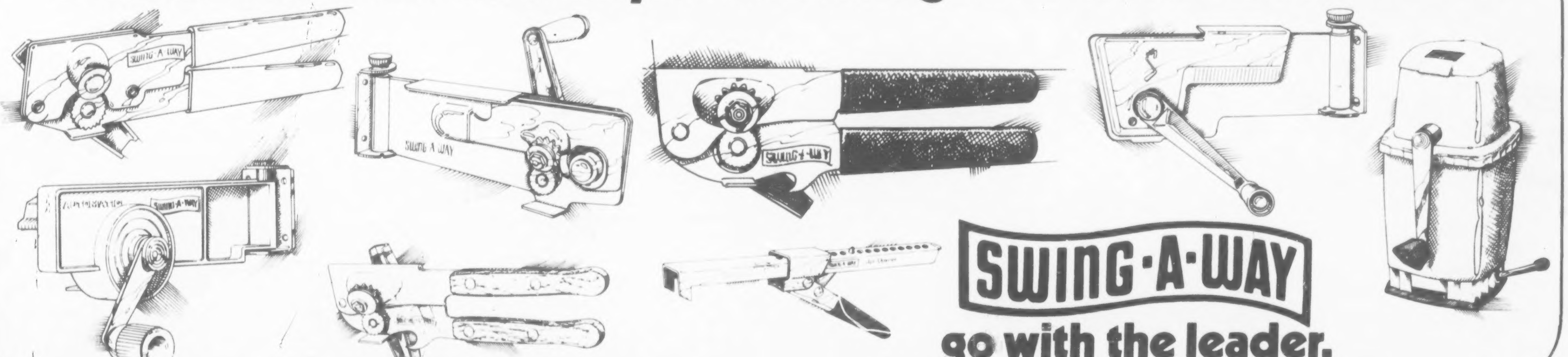

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